Contract Closeouts

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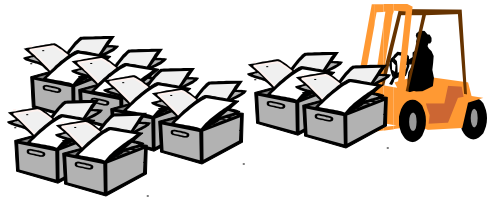


Outline

- Importance of Closeouts
- Time Limitations
- AMIS Status Codes
- Closeout Process & Lessons Learned
- Locating Your ACO/CA

CLOSEOUTS

Importance of Closeouts

CLOSEOUTS

- **No M Account:**
  - Limits funding life of obligation authority to five years after its expiration
  - Requires careful tracking of expenditures against prior year obligations to avoid cancellations against ULOs
- **DRID #53 Initiative**
  - Transition from MOCAS to DPPS
  - Deadline: 2nd Qtr 2004 (18-mo slip)

Time Limitations

CLOSEOUTS

- **Firm-Fixed Price: 6 Months**
- **Cost-Reimbursement: 36 Months**
- **All Others*: 20 Months**

Timely closeouts deobligate excess funds & return remaining funds for possible use elsewhere.

* Excludes Evidence of Receipt & Final Payment for Simplified Acquisition Procedu

AMIS Status Codes

CLOSEOUTS

- **A = Active**
  - Period of Performance Has Not Elapsed
  - DD 250z Has Not Been Issued
- **D = Delinquent**
  - Period of Performance Has Elapsed
  - DD 250z Has Not Been Issued

AMIS Status Codes

- **O = Overage**
  - Period of Performance Has Elapsed
  - DD 250z Has Been Issued
  - Standard Time for Closeout Has Elapsed
  - DD 1594 Has Not Been Submitted

ACO shall notify PCO within 45 days after expiration of time limit with reason for delay and new target date.

CLOSEOUTS

AMIS Status Codes

CLOSEOUTS

- I = Inactive
  - Period of Performance Has Lapsed
  - DD 250z Has Been Issued
  - Standard Time for Closeout Has elapsed
  - DD 1594 Has Not Been Submitted Overage
  - Inactivity Results From:
    - Negotiation of overhead rates pending
    - Armed Services Board of Contract Appeals case
    - P.L. 85-804 case
    - Litigation or investigation pending, bankruptcy,labor law determination
    - Terminated for Default

AMIS Status Codes (cont)

CLOSEOUTS

- **R = Ready for Retirement**
  - Period of Performance Has Lapsed
  - DD 250z Issued
  - DD 1594 Signed by Both ACO & PCO
  - Retired Dates Have Been Posted
- **X = Retired**
  - Period of Performance Has Lapsed
  - DD 250z Issued
  - DD 1594 Signed by Both ACO & PCO
  - Retired Dates Have Been Posted
  - Boxed and Stored

AMIS Status Codes (cont)

CLOSEOUTS

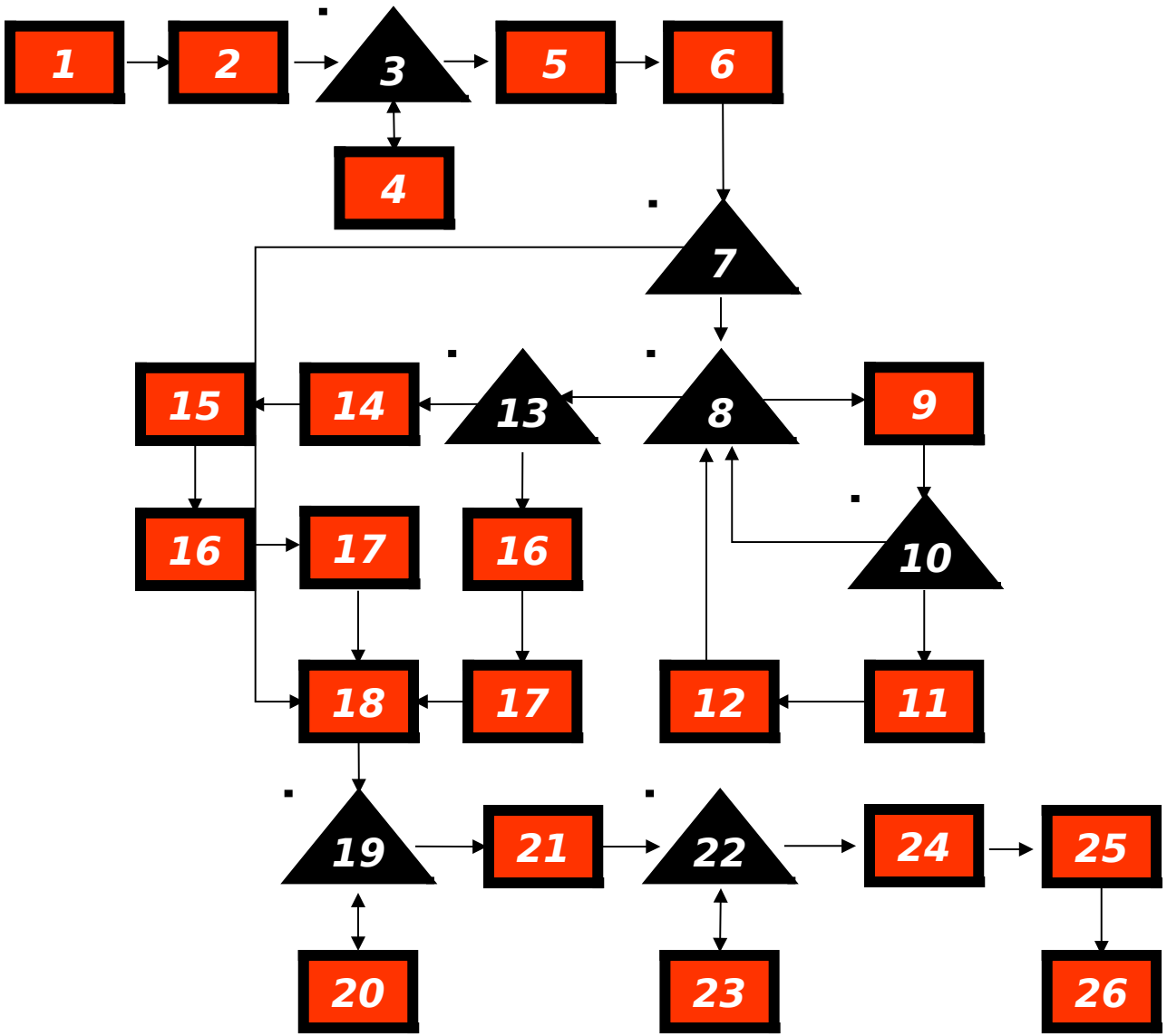
Major Milestone	A	D	P	O	I	R	X
Period of Performance Concluded		✓	✓	✓	✓	✓	✓
DD250Z Issued			✓	✓	✓	✓	✓
Exceeds Standard Time for Closeout				✓	✓	* *	* *
Specific Delay (M, Q, R, S, T)**					✓		
DD1594 Posted						✓	✓
Boxed & Shipped to Storage							✓

*Closeout peculiar

**ACO Codes: M = Negotiation of overhead rates pending
Q = ASBCA case
R = P.L. 85-804 case
S = Litigation/investigation pending, bankruptcy, labor law determinations
T = Terminated for default.

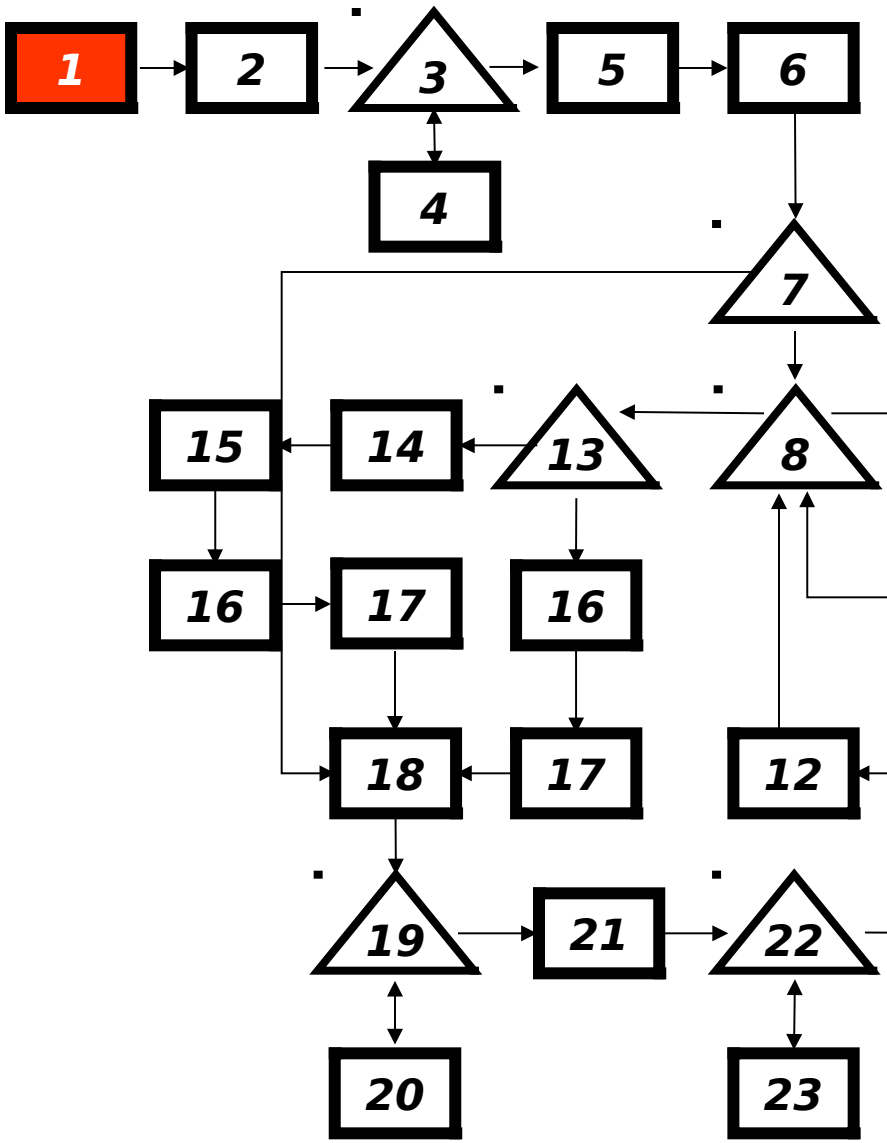
Closeout Flow Diagram

CLOSEOUTS



Final Delivery

CLOSEOUTS



The Contractor submits a "Z" DD250, the final DD250 that signifies physical completion – i.e., notification that all of the

Physical Completion

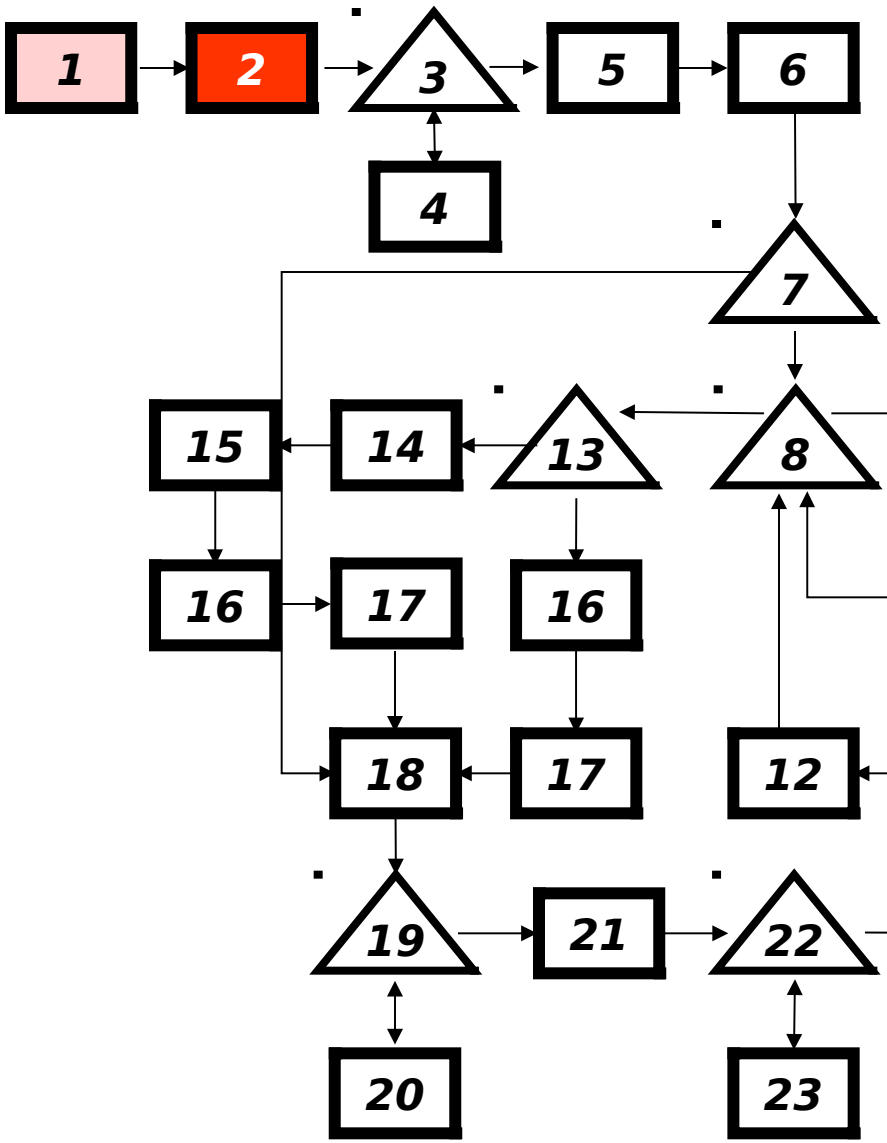
MAJOR MILESTONE

- **Situation #1:**
  - Contractor has delivered all supplies and/or performed all services
  - Government has inspected and accepted all supplies and/or performed services
  - All options have expired
  - All actions and liabilities have been resolved, or
- **Situation #2:**
  - Government has terminated the contract

The closeout process begins when a contract has been physically completed.

ACO Inputs DD250 "Z" into MOCAS

CLOSEOUTS



The contracting office is alerted by MOCAS that contract has been physically completed. The closeout process begins.

DD 250 “Z”

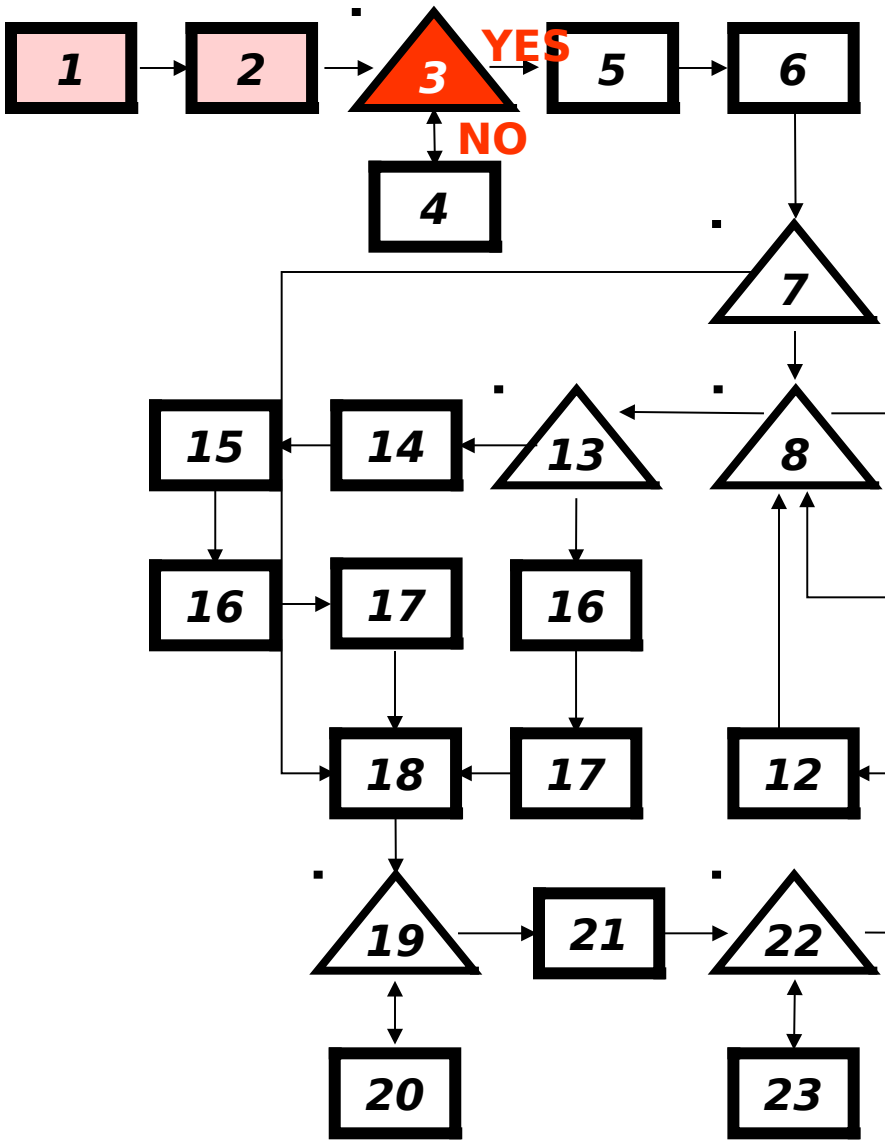
MAJOR MILESTONE

- Contractor designation for final delivery
- Reconciliation required when imbalance among:
  - Quantity ordered
  - Quantity delivered
  - Quantity accepted
- Concurrence required by buying office for delivery and acceptance of

CAUTION:
Administrative Entry Errors Cause Lengthy Delays!!!

Deliverables Validated?

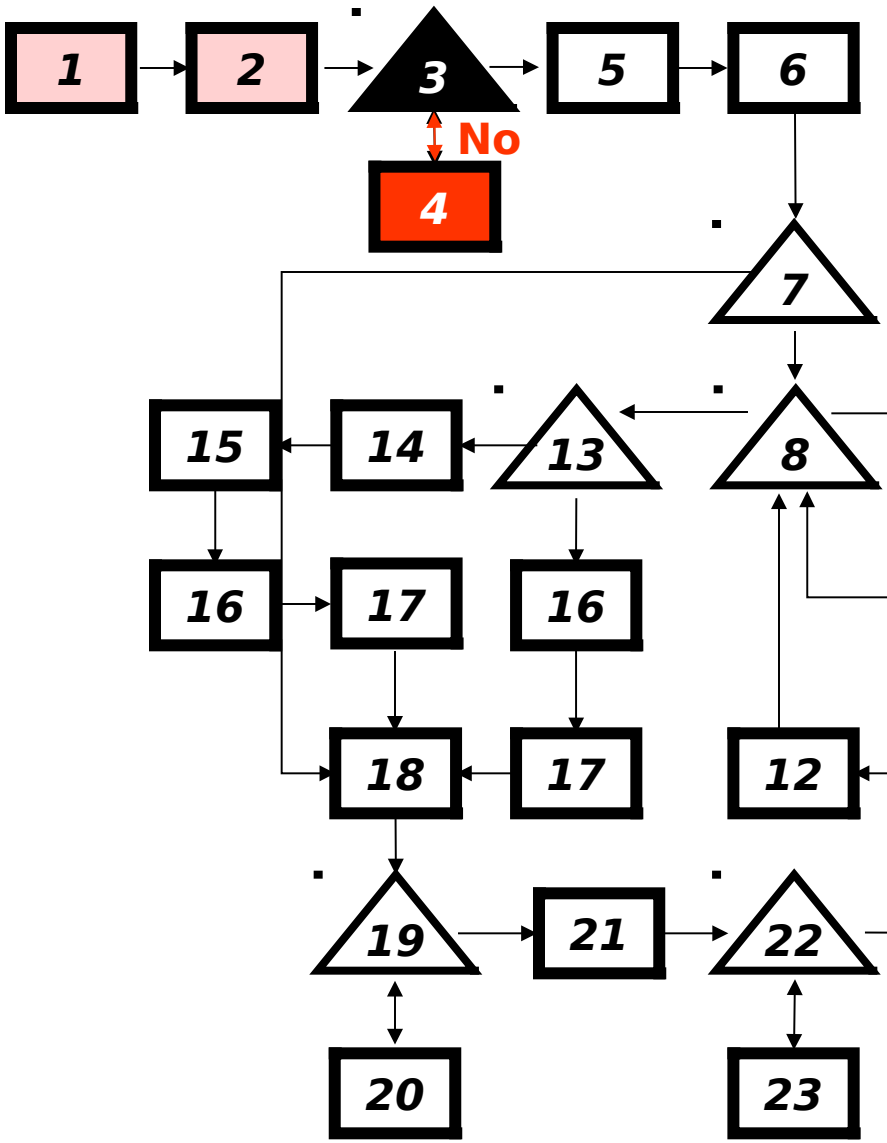
CLOSEOUTS



Are items ordered the same as the items delivered and accepted?

BALANCE?

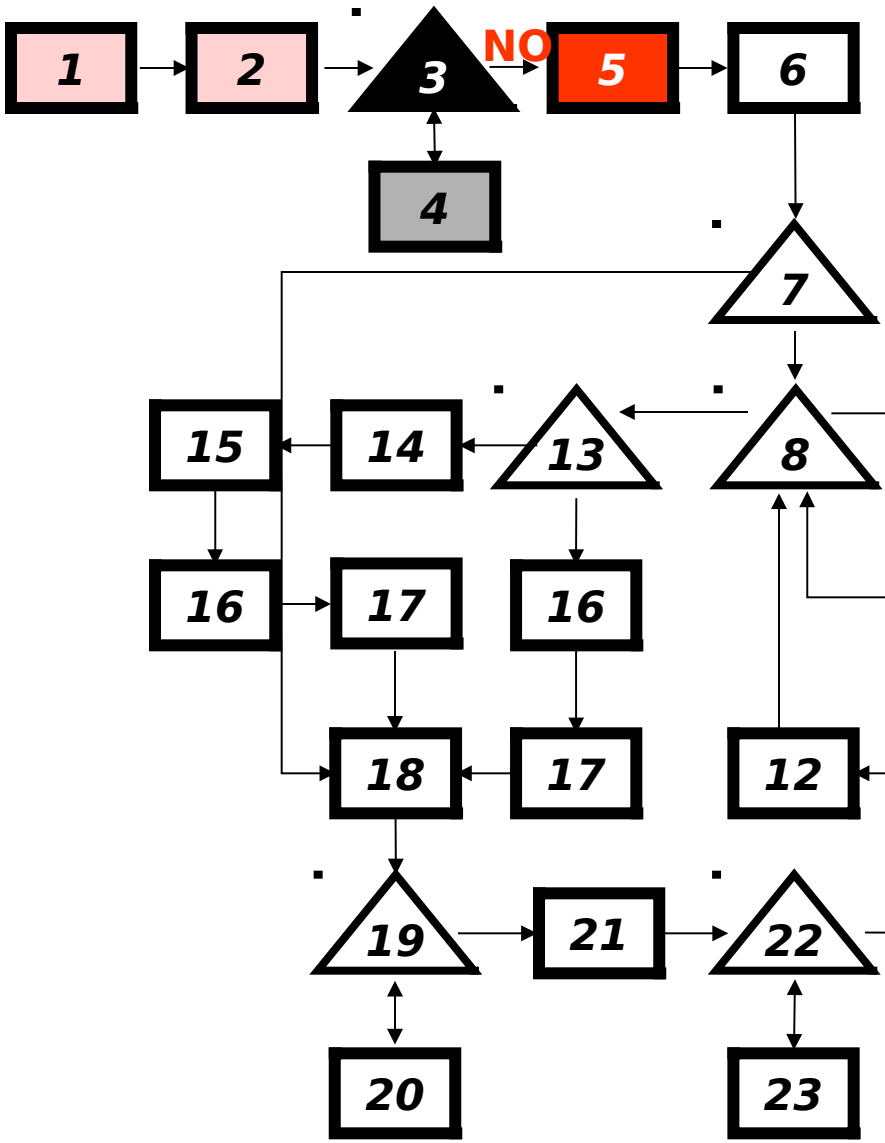
CLOSEOUTS



Responsible parties within the contract administration office research and resolve the imbalance.

Initial Funds Review

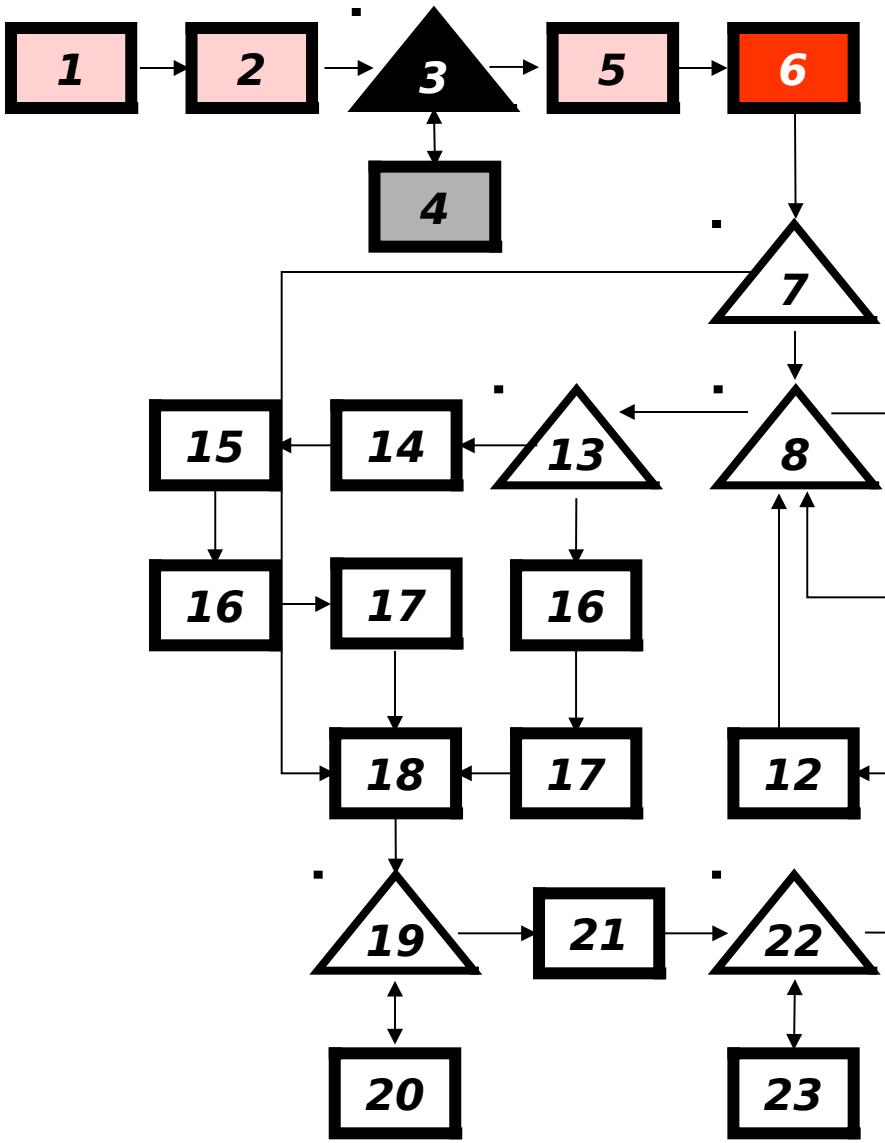
CLOSEOUTS



Perform initial ULO review. If necessary, reconcile payment differences and remove excess.

Initiate DD Form 1597

CLOSEOUTS



The ACO creates a Contract Closeout Checklist. For each item on the list, the ACO indicates the completion

DD 1597

MAJOR MILESTONE

Contract Closeout Content Checklist

- Required for all manually closed contracts (i.e, ACO certifies contract is closed)
- Tracks closeout process
- Indicates completion dates of closeout milestones

TIP for PCOs: Request periodic work-in-process DD 1597 from ACOs.

DD 1597 (cont)

MAJOR MILESTONE

Checklist Contents

- ☑ Classified materials disposed
- ☑ Final patent report has cleared
- ☑ Final royalty report has cleared
- ☑ Plant clearance report received
- ☑ All interim or disallowed costs are settled
- ☑ Price revision is completed
- ☑ Prime has settled all subcontracts

DD 1597 Checklist Contents (cont)

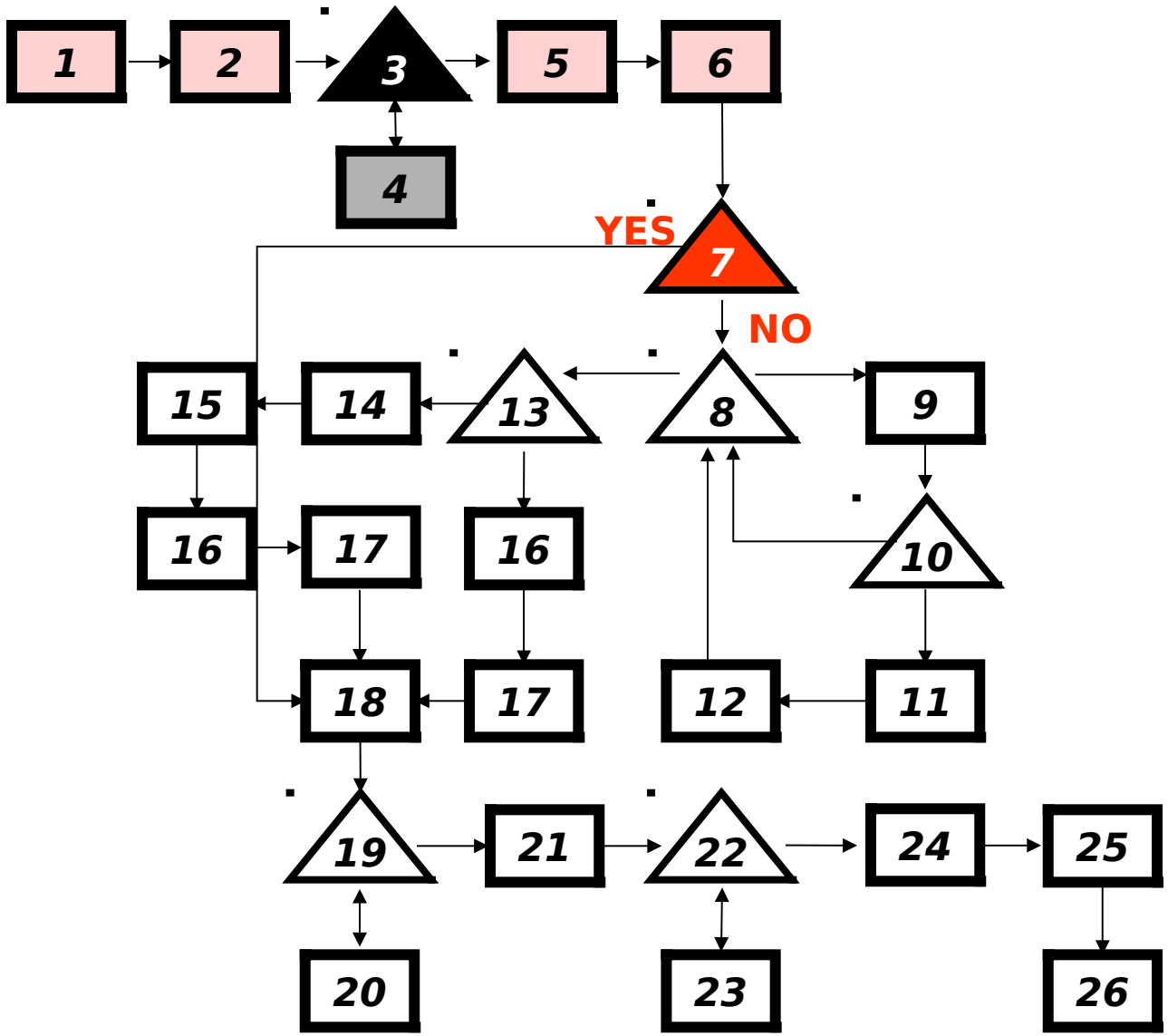
MAJOR MILESTONE

Checklist Contents

- ☑ Prior year indirect cost rates settled
- ☑ Termination docket completed
- ☑ Contract audit completed
- ☑ Contractor's closing statement completed
- ☑ Contractor's final invoice submitted
- ☑ Contract funds review completed
- ☑ Excess funds deobligated
- ☑

FFP or Small Purchase?

CLOSEOUTS



FFP or Small Purchase?

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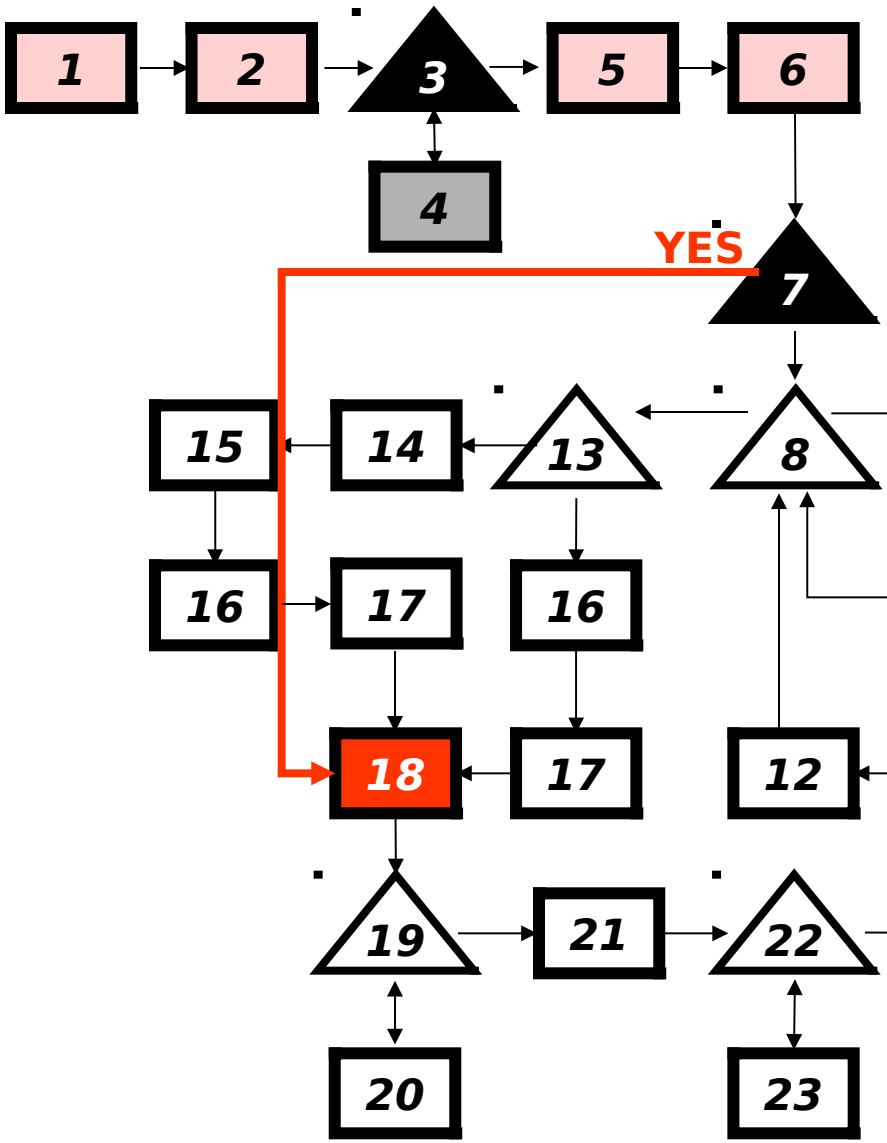
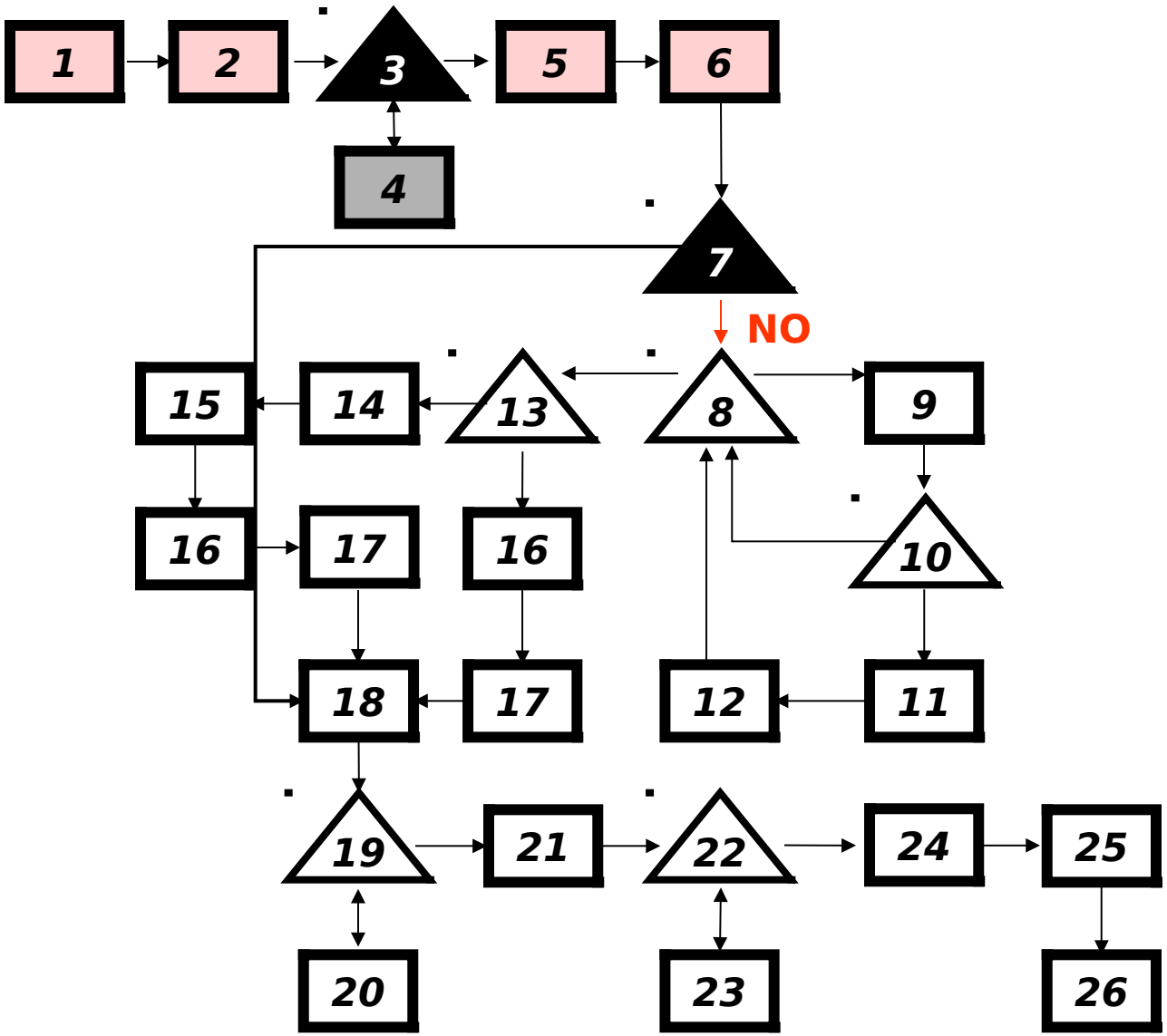


Steps 8 through 17 are omitted because these contracts are eligible for final payment from DFAS if the DD 1597 has been

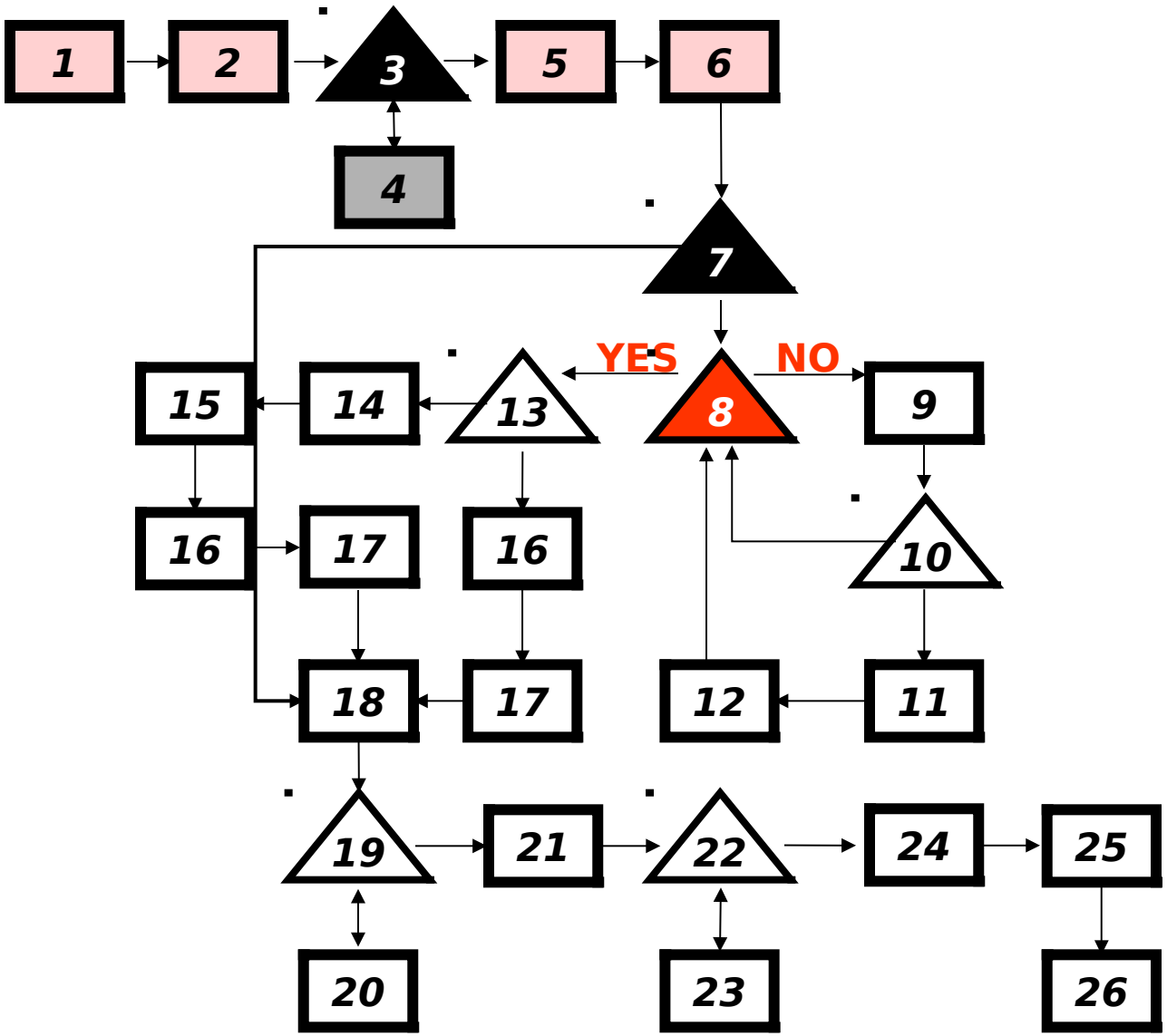
FFP or Small Purchase?

CLOSEOUTS



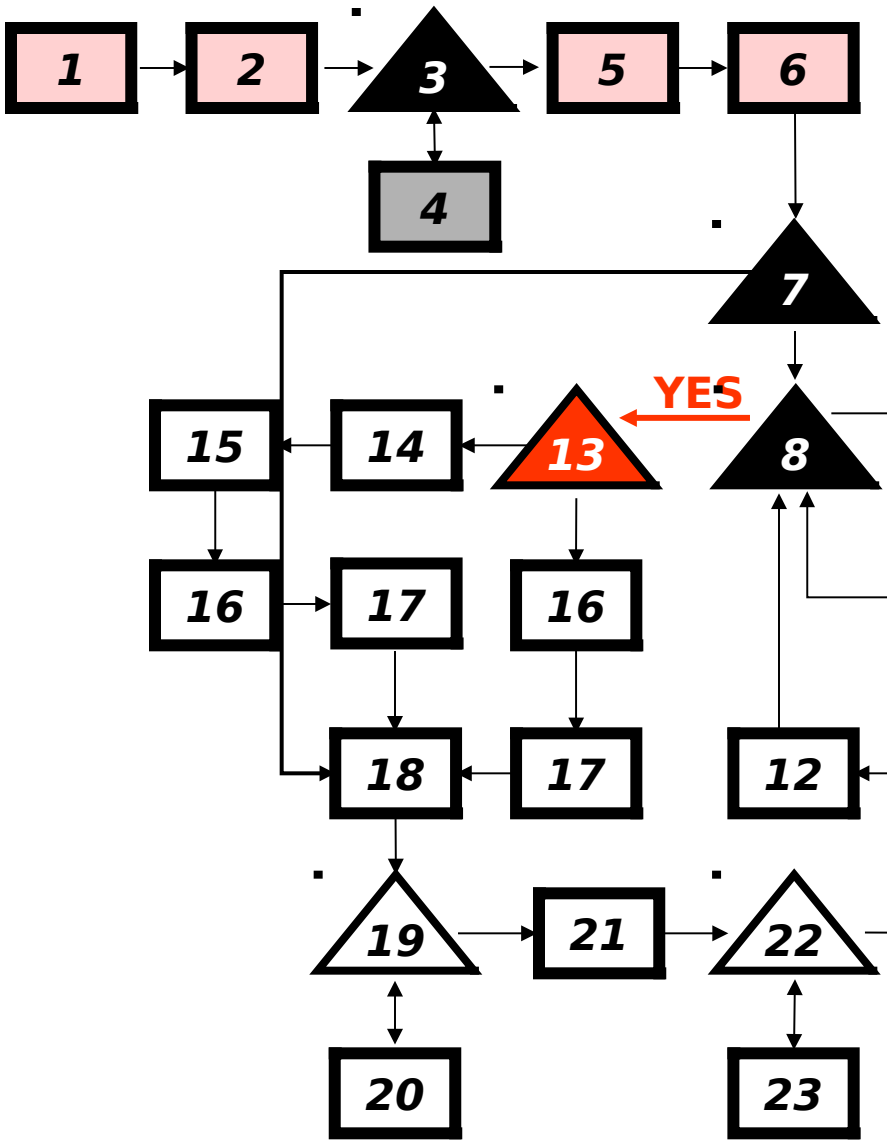
All Indirect Costs Negotiated?

CLOSEOUTS



All Indirect Costs Negotiated?

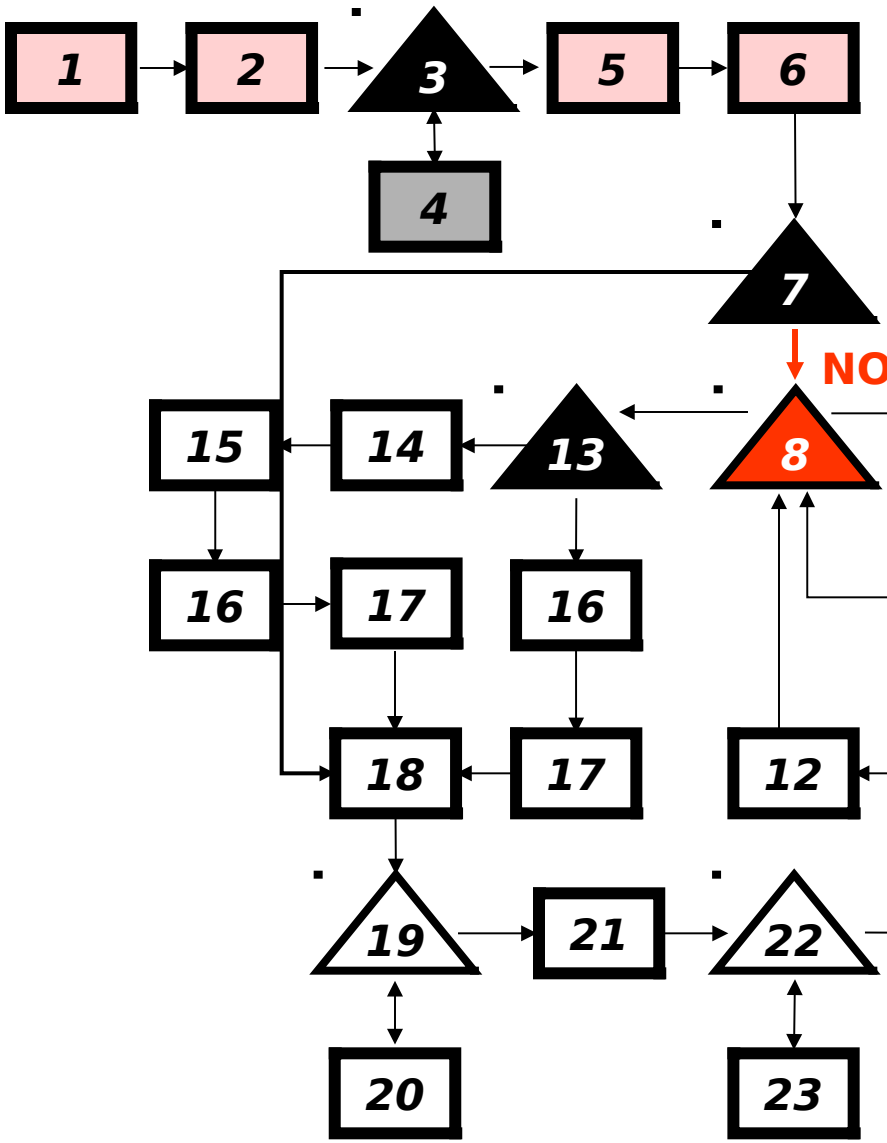
CLOSEOUTS



Steps 8, 9, 10, 11, and 12 are eliminated.

All Indirect Costs Negotiated?

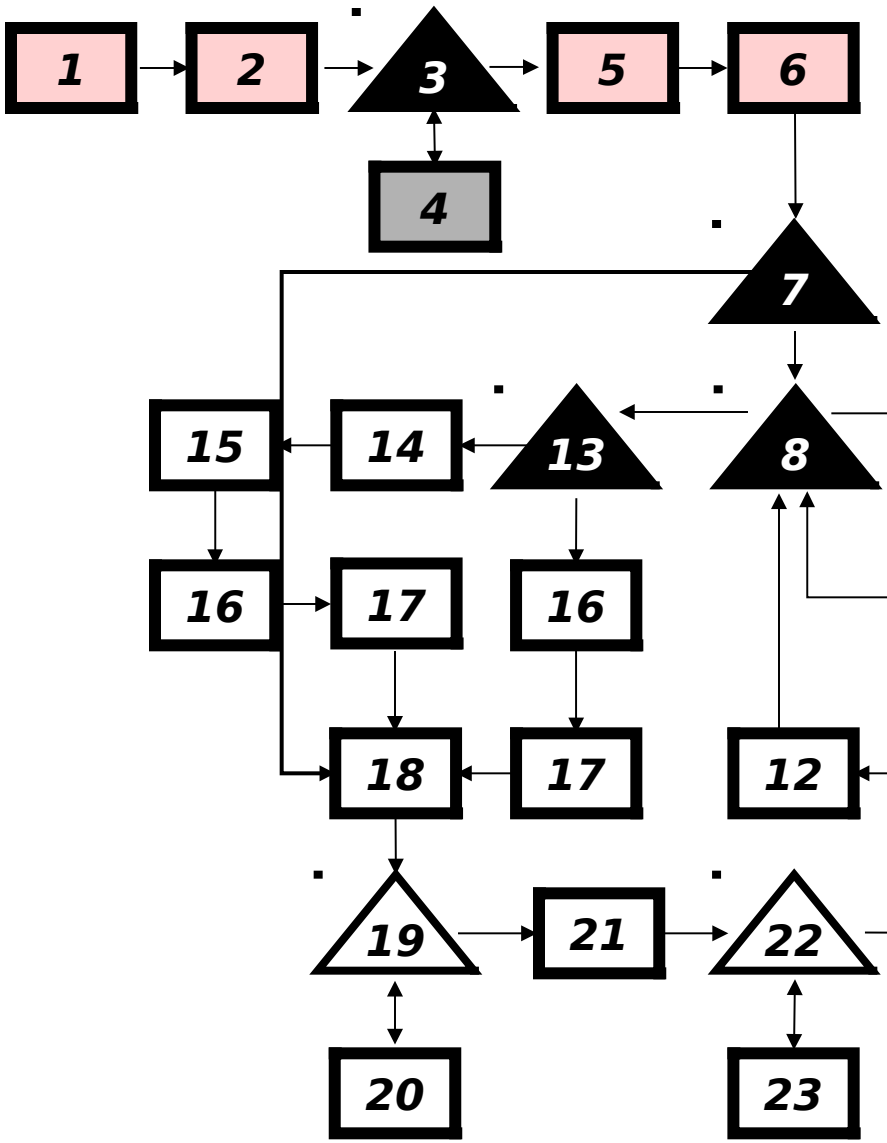
CLOSEOUTS



ACO negotiates indirect costs and overhead rates in order for the contractor to submit its final proposal.

Final Proposal Submitted

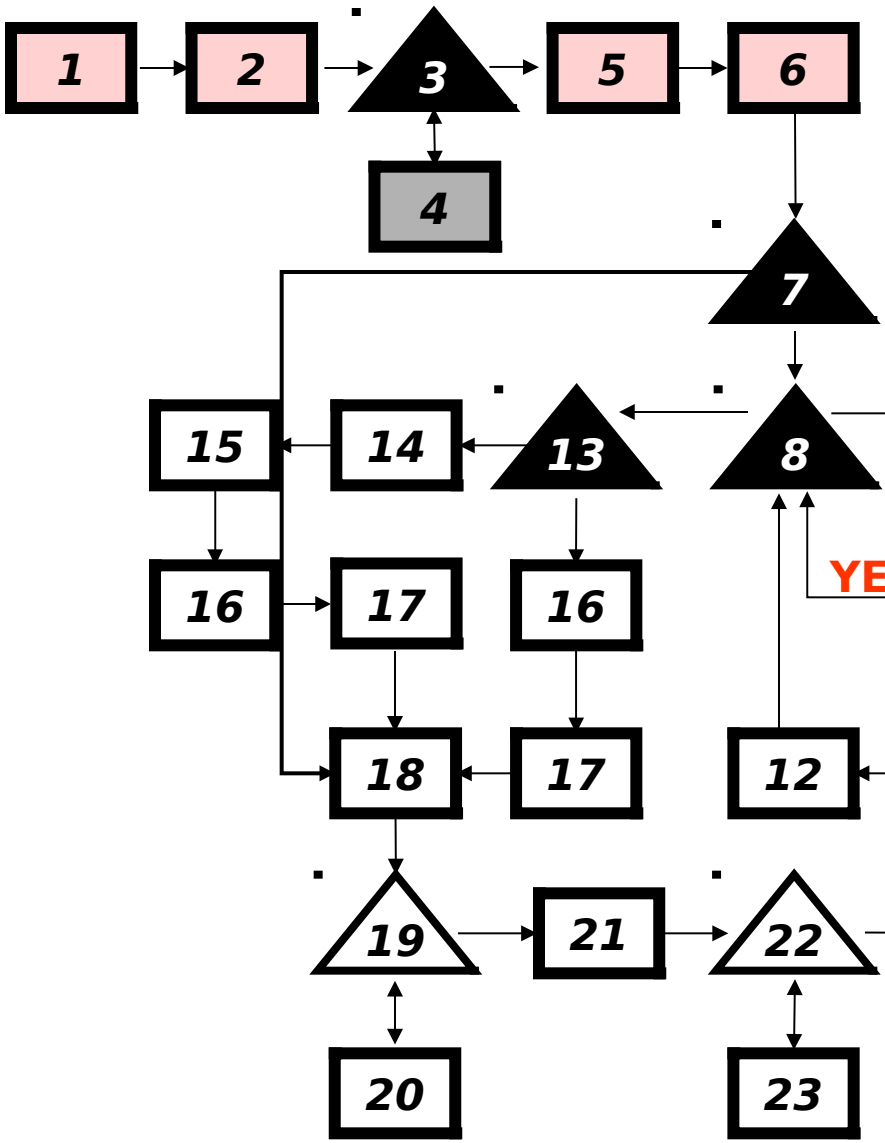
CLOSEOUTS



The complexities involved in submitting an overhead cost proposal often results in delays that escalate throughout the remaining

Quick Closeout Rates?

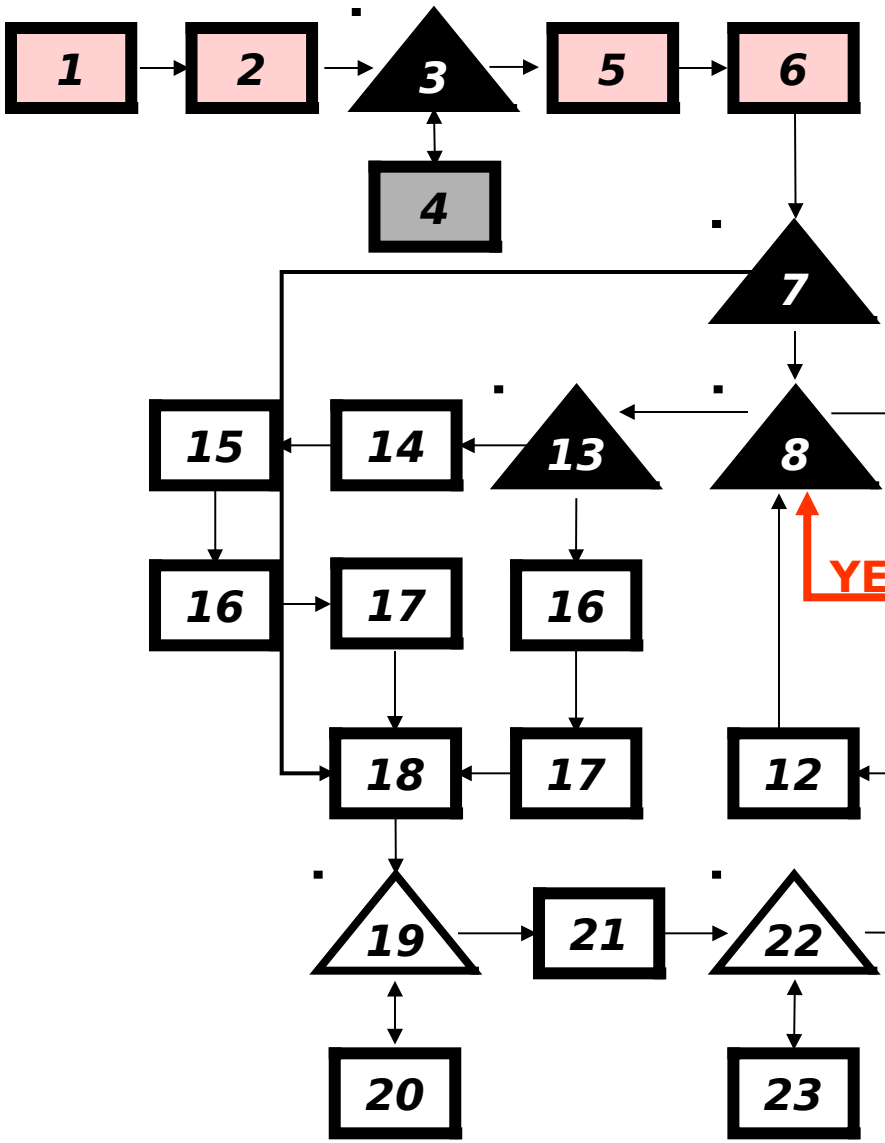
CLOSEOUTS



FAR 42.708 mandates negotiation to settle indirect costs prior to establishing final indirect cost rates when four

Quick Closeout Rates

CLOSEOUTS



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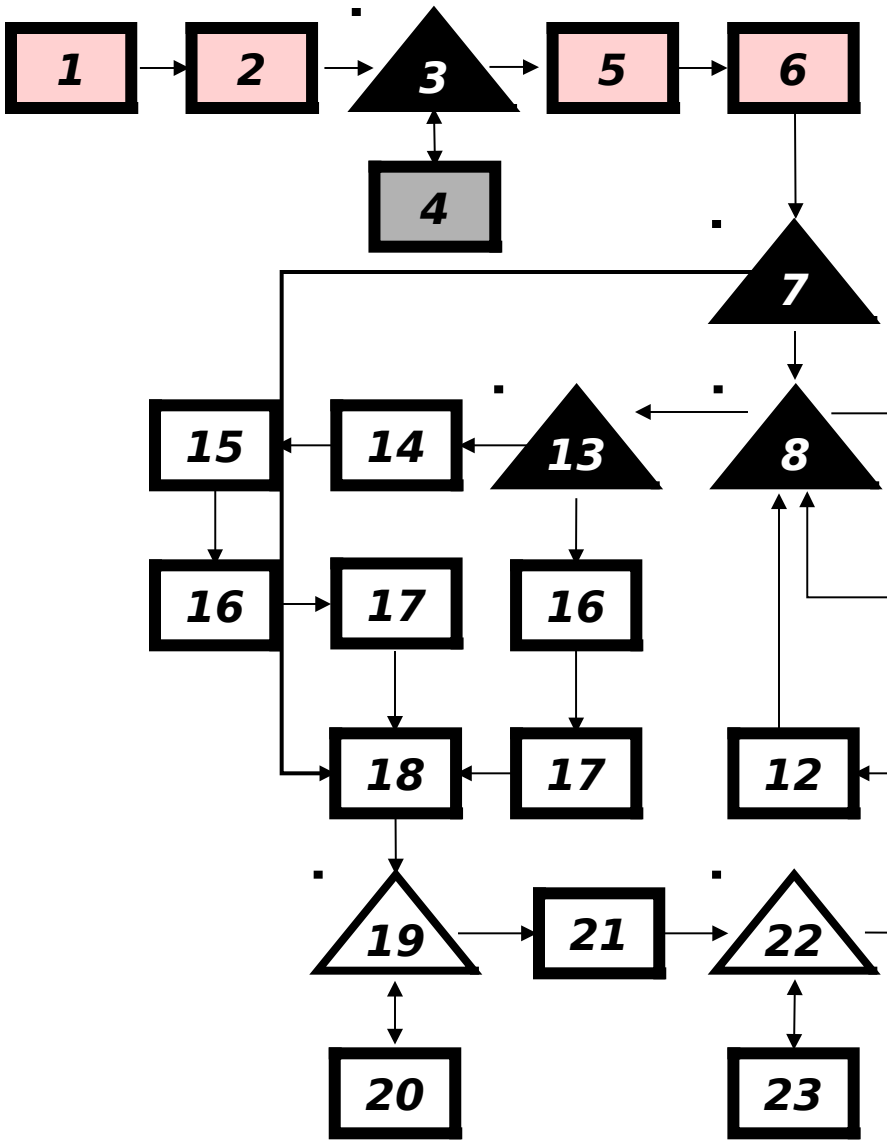

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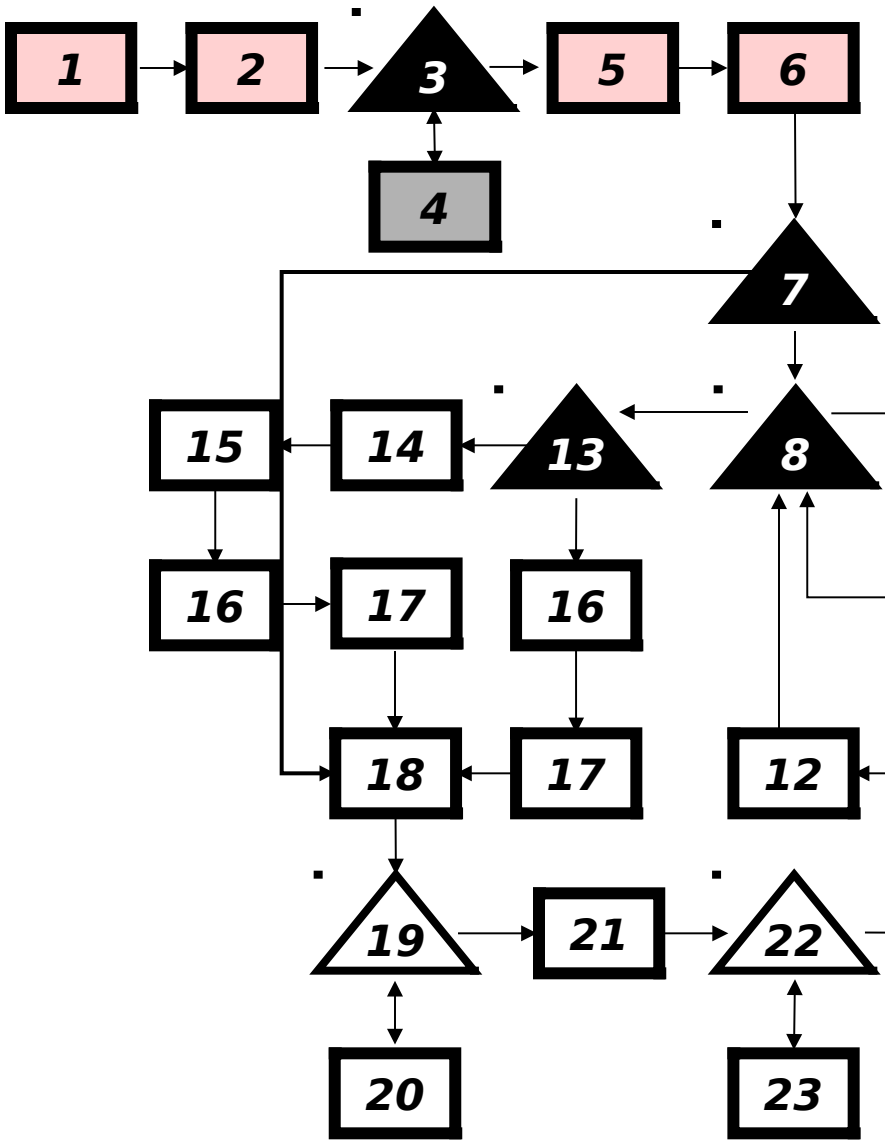
DCAA Audit

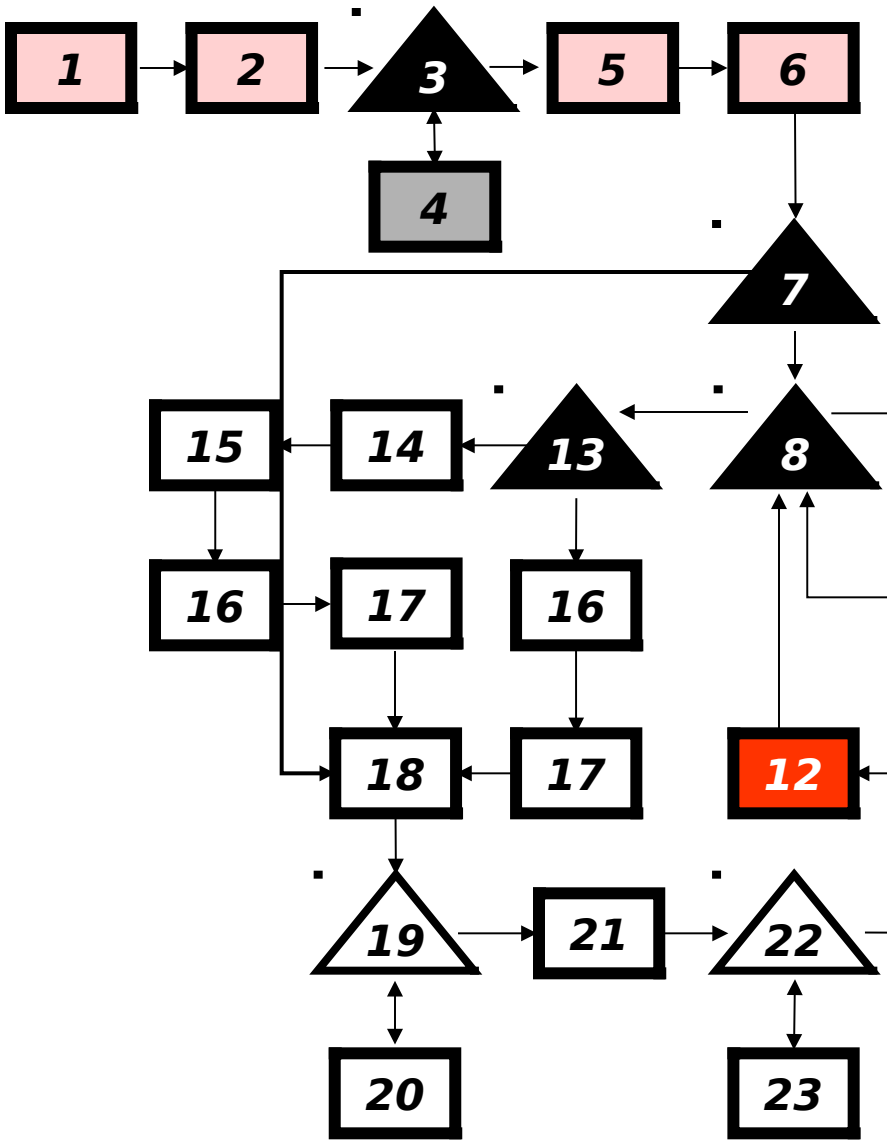
CLOSEOUTS



**CAA audits overhead proposa
nd provides a written report o
its findings to the ACO.**

ACO Negotiates Final Rates

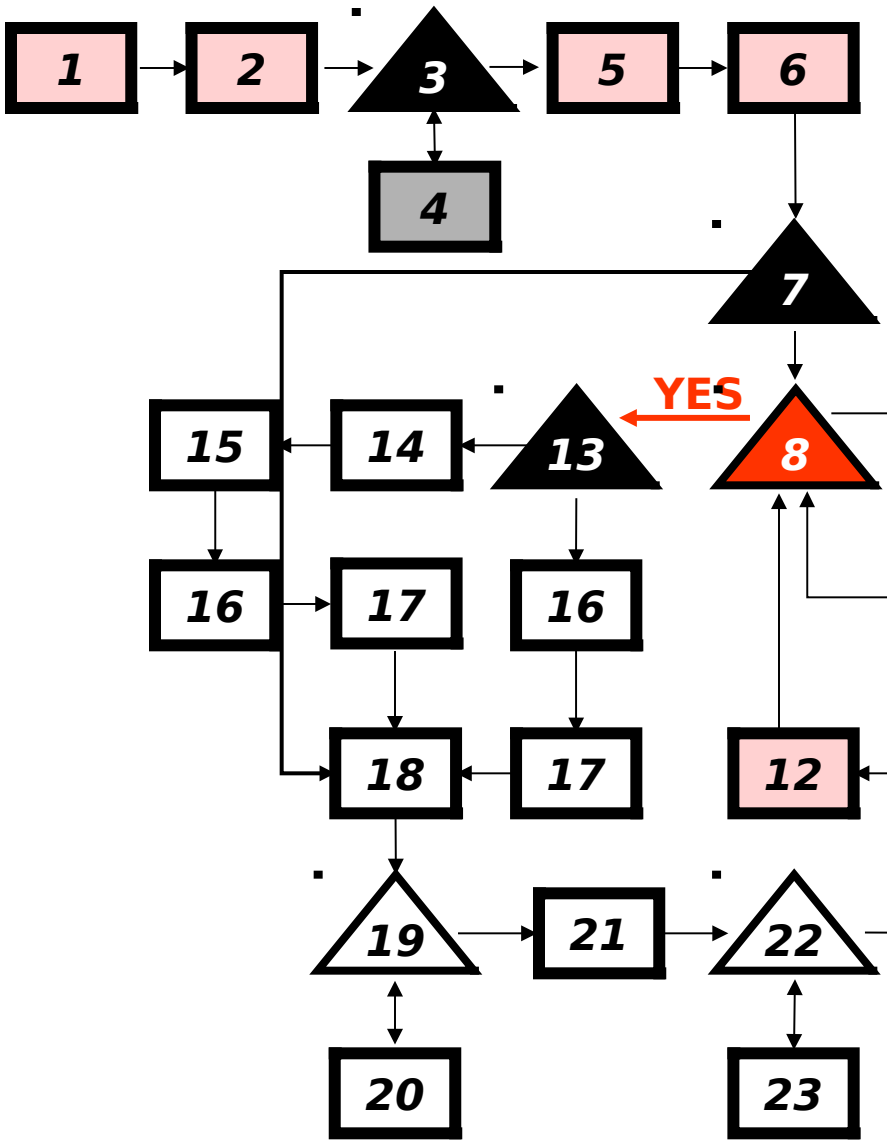
CLOSEOUTS



there are multiple divisions o
ntities, the overhead rates of
ach must be negotiated befor
the contract can be closed.

All Indirect Costs Negotiated?

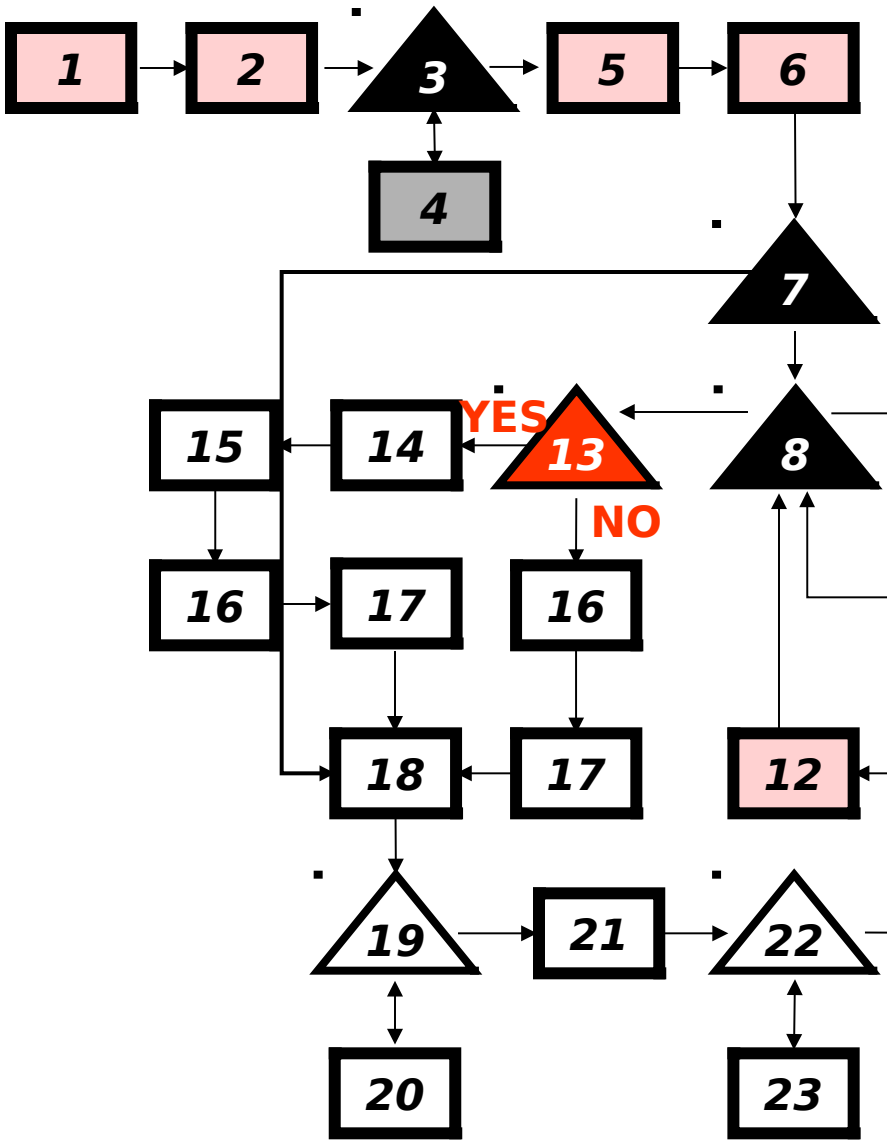
CLOSEOUTS



Now, all indirect costs should be finalized.

Incentive Contract?

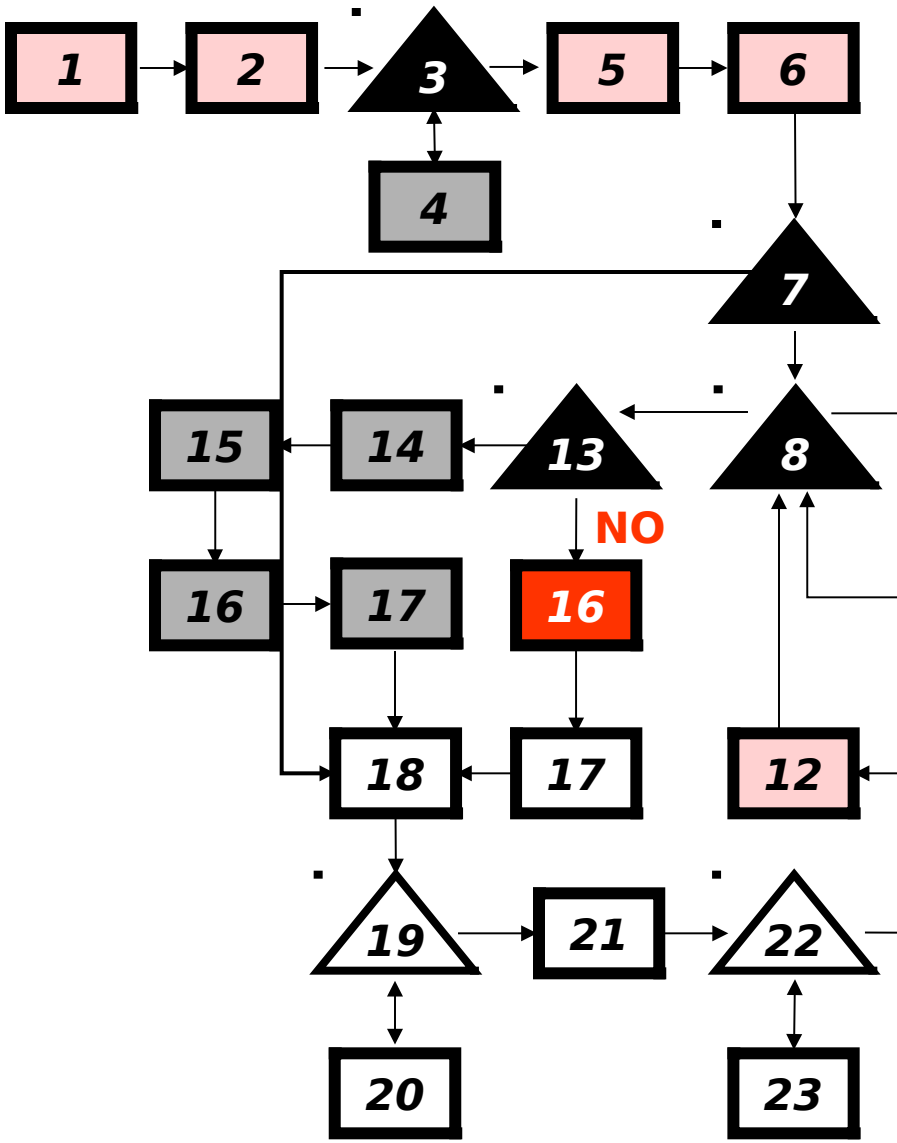
CLOSEOUTS



No further negotiation is necessary for CR or CPFF contracts. Cost elements, however, must be negotiated for incentive-type contracts.

Final Payment Submitted

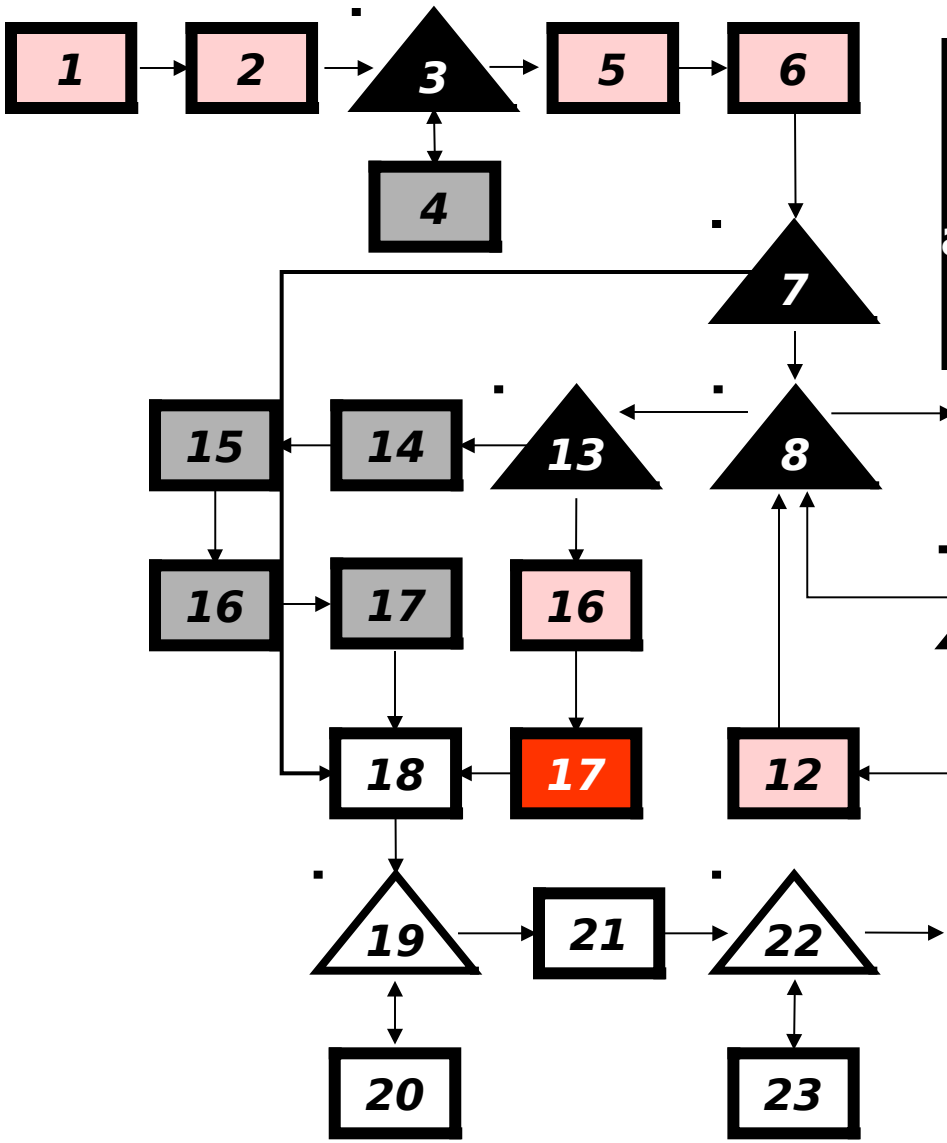
CLOSEOUTS



ubmitted after receipt of fina
odification adding or reducin
nds (incentive contracts) or a
overhead rates have been
negotiated (cost contracts).

Audit & Voucher Approved

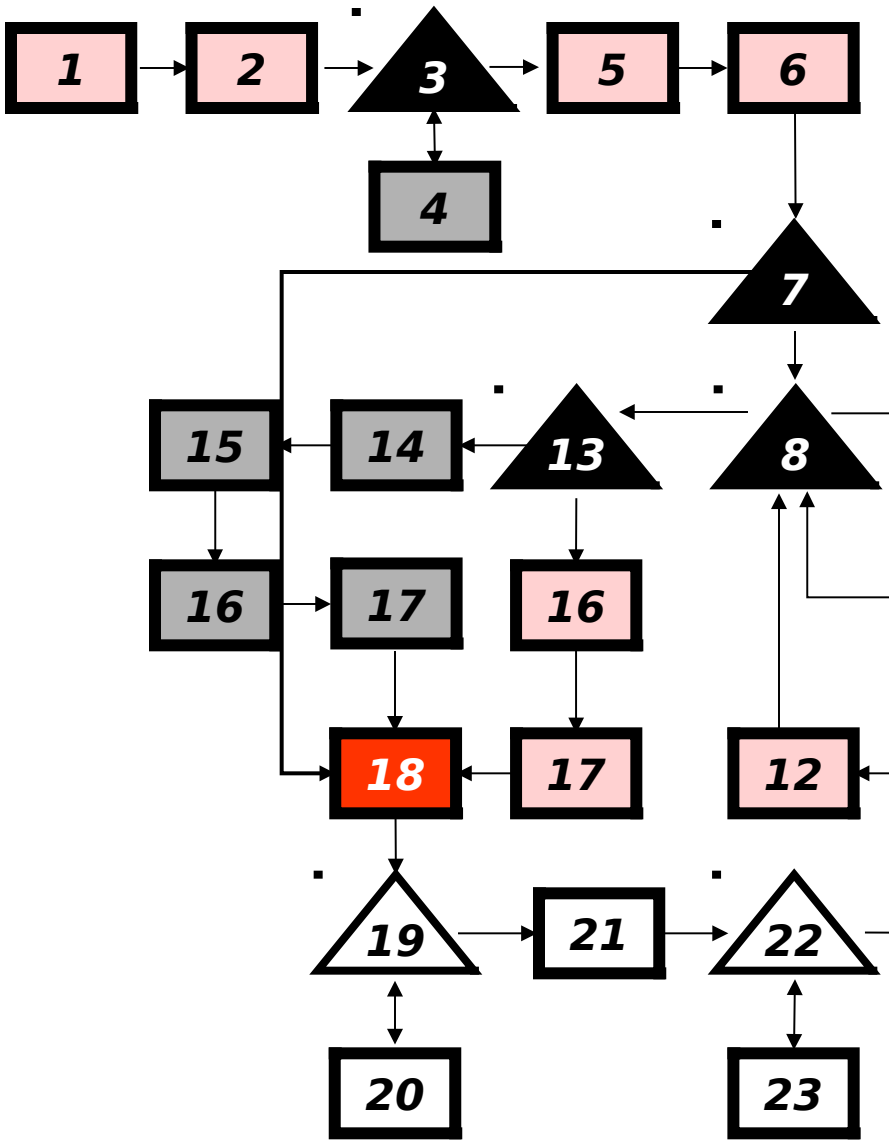
CLOSEOUTS



DCAA audits to ensure all costs are allowable and allocable. The ACO approves the final voucher.

DFAS Makes Final Payment

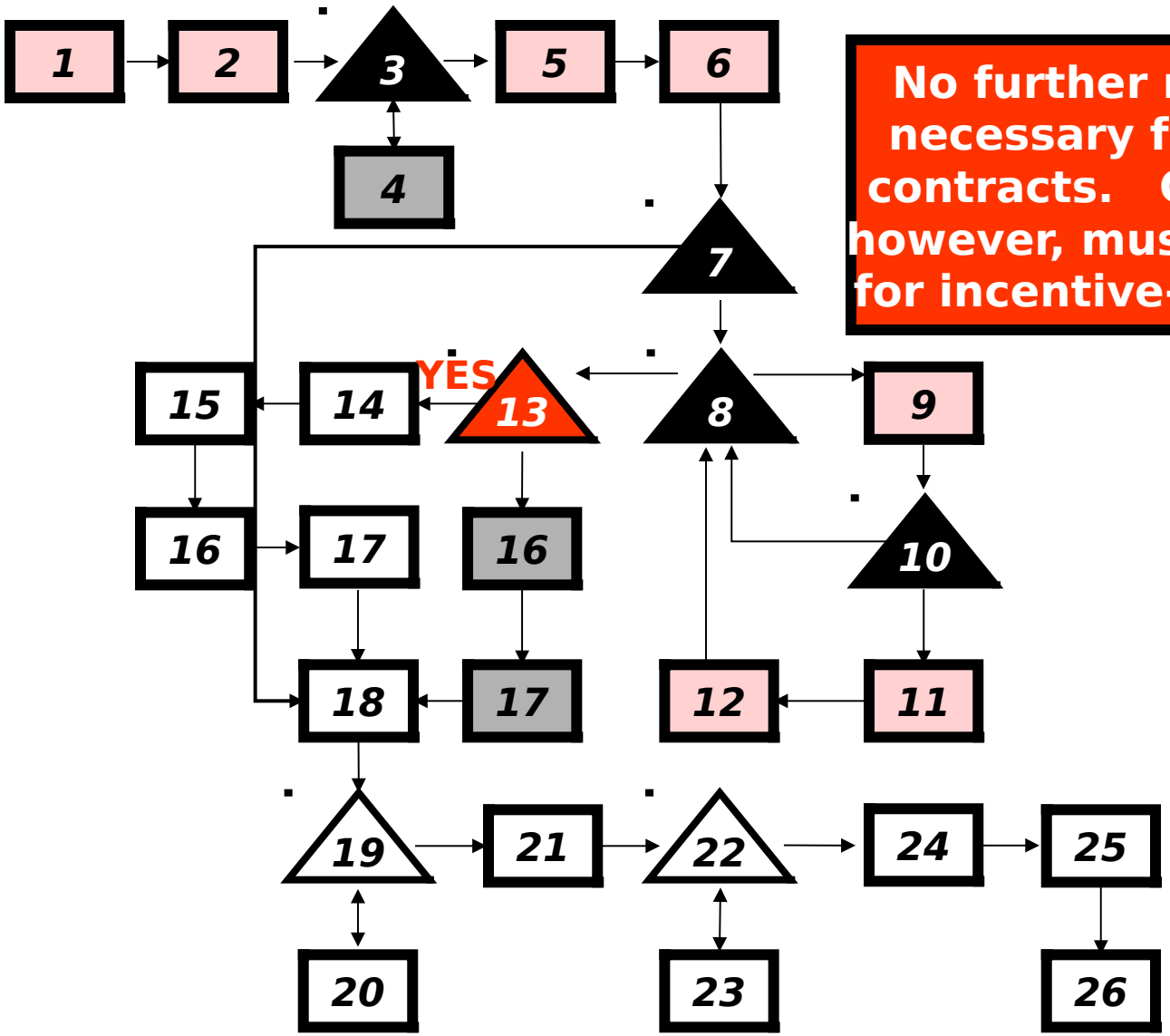
CLOSEOUTS



When final payment is issued, all funds obligated on the contract should normally be liquidated. Excess funds may be removed from MOCAS by PCO/ACO by mod or, after

Incentive Contract?

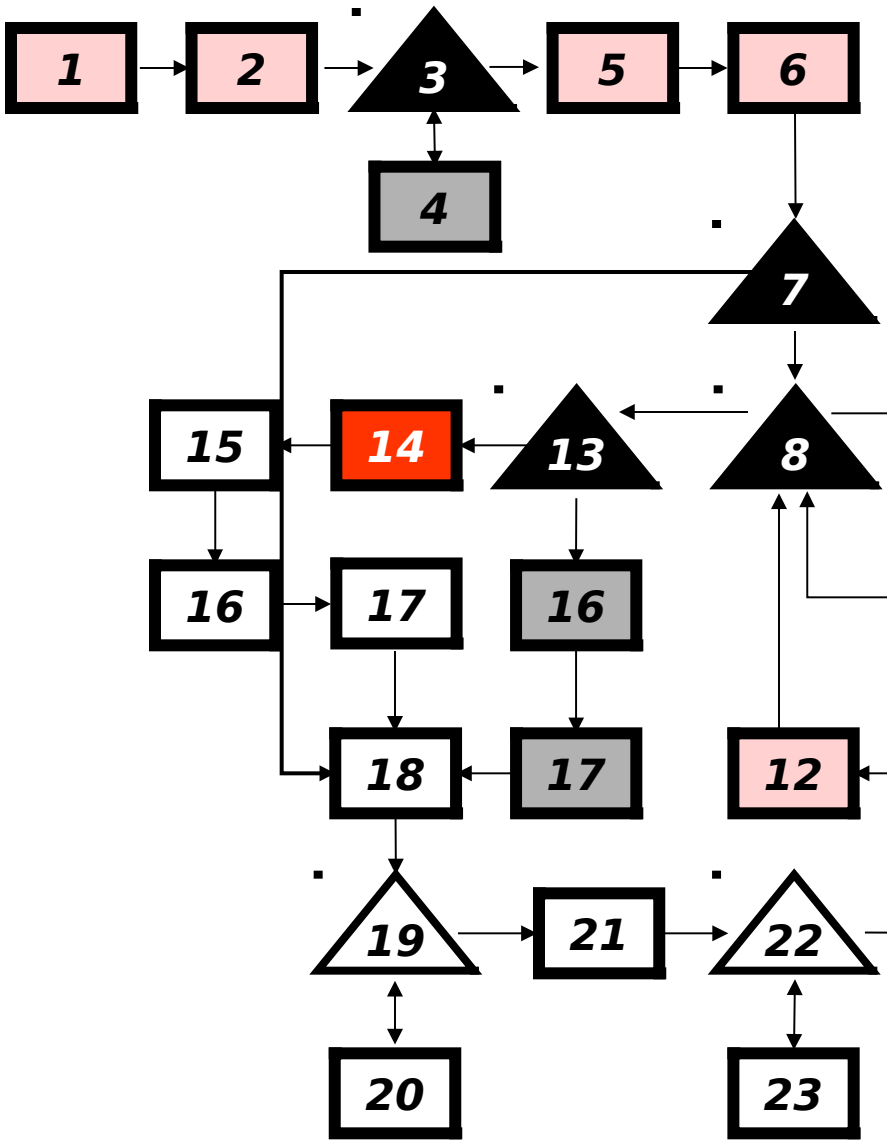
CLOSEOUTS



No further negotiation is necessary for CR or CPFF contracts. Cost elements, however, must be negotiated for incentive-type contracts.

Final Settlement Proposal Submitted

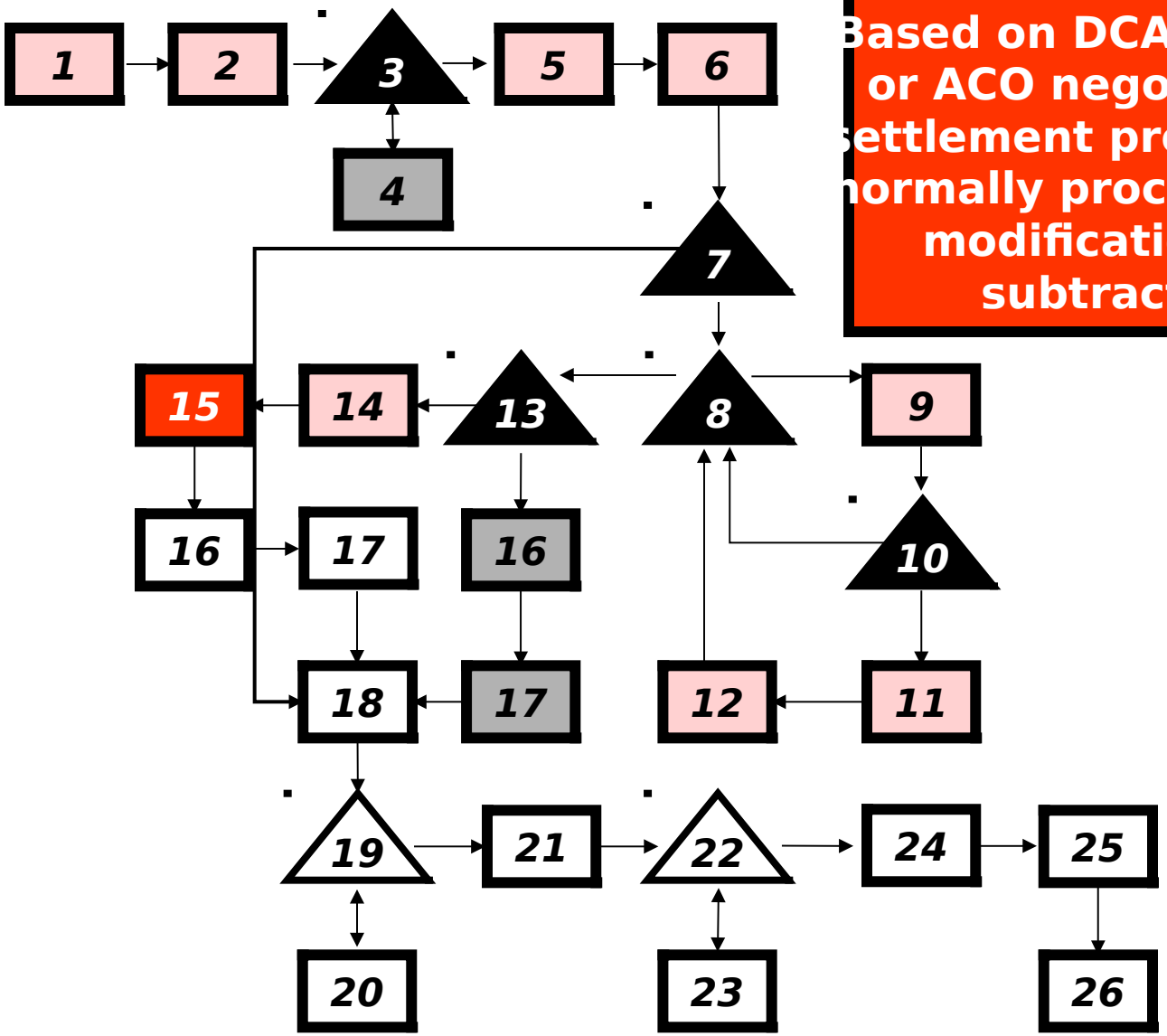
CLOSEOUTS



The final proposal will include all outstanding cost issues.

Audit & Negotiated Settlement

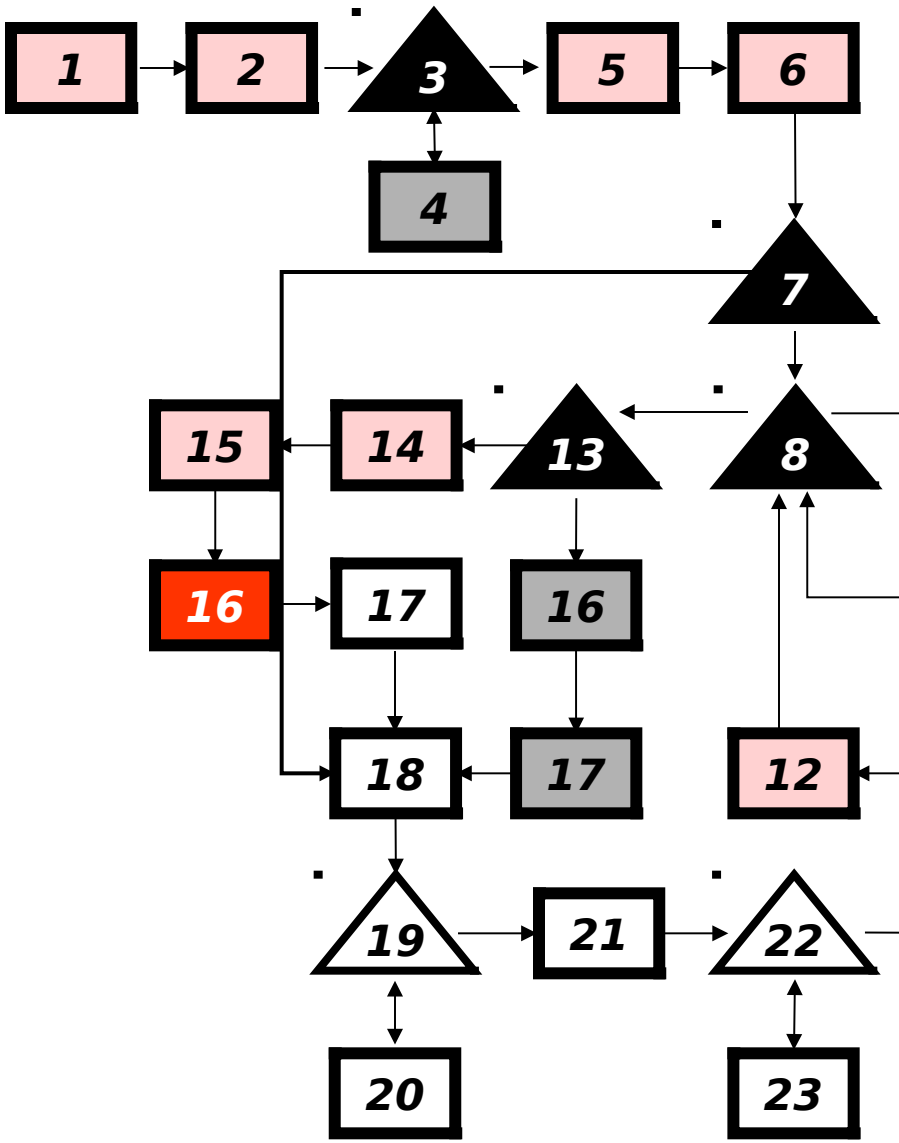
CLOSEOUTS



Based on DCAA input, the PCO or ACO negotiates the final settlement proposal, and then normally processes a contract modification adding or subtracting funds.

Final Voucher Submitted

CLOSEOUTS



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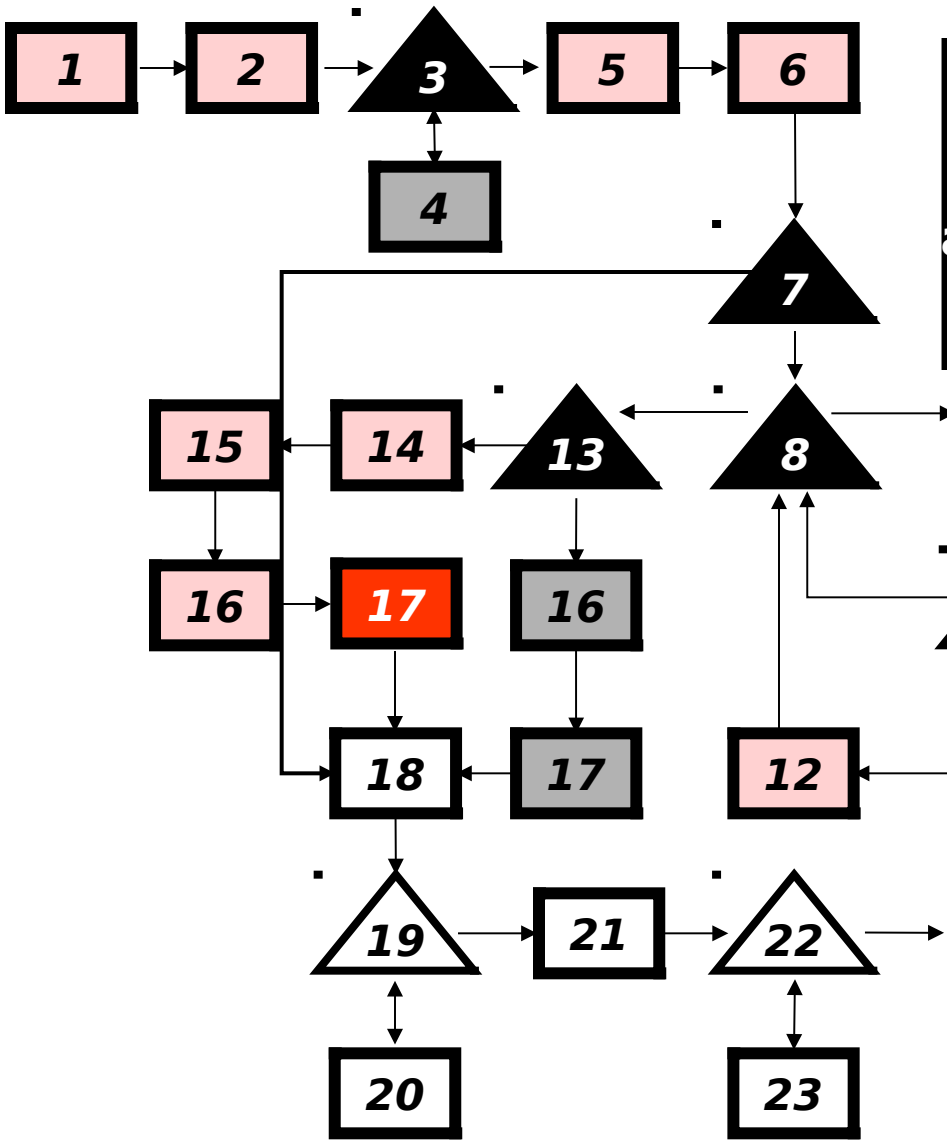
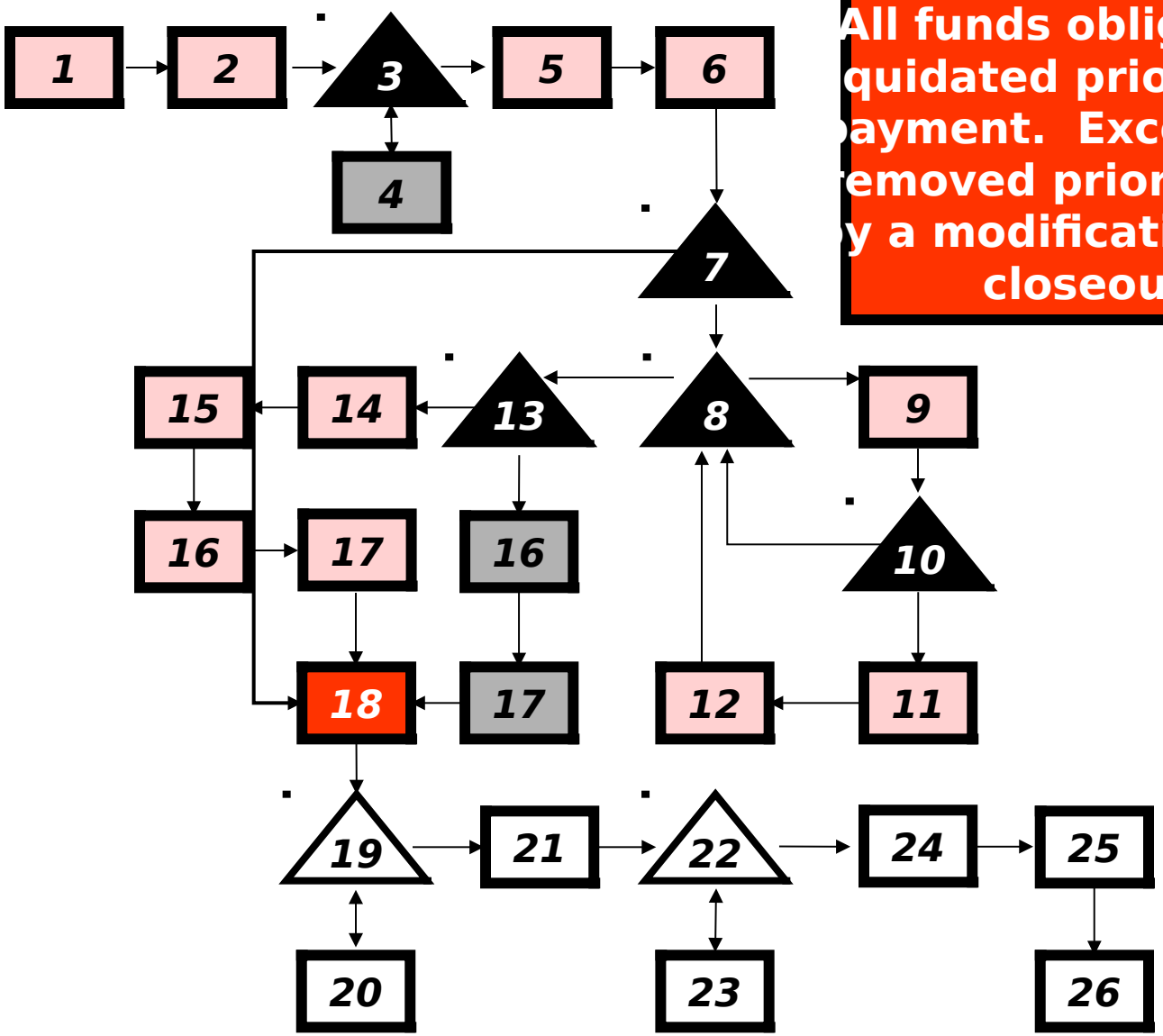


DCAA audits to ensure all costs are allowable and allocable. The ACO approves the final voucher.

DFAS Makes Final Payment

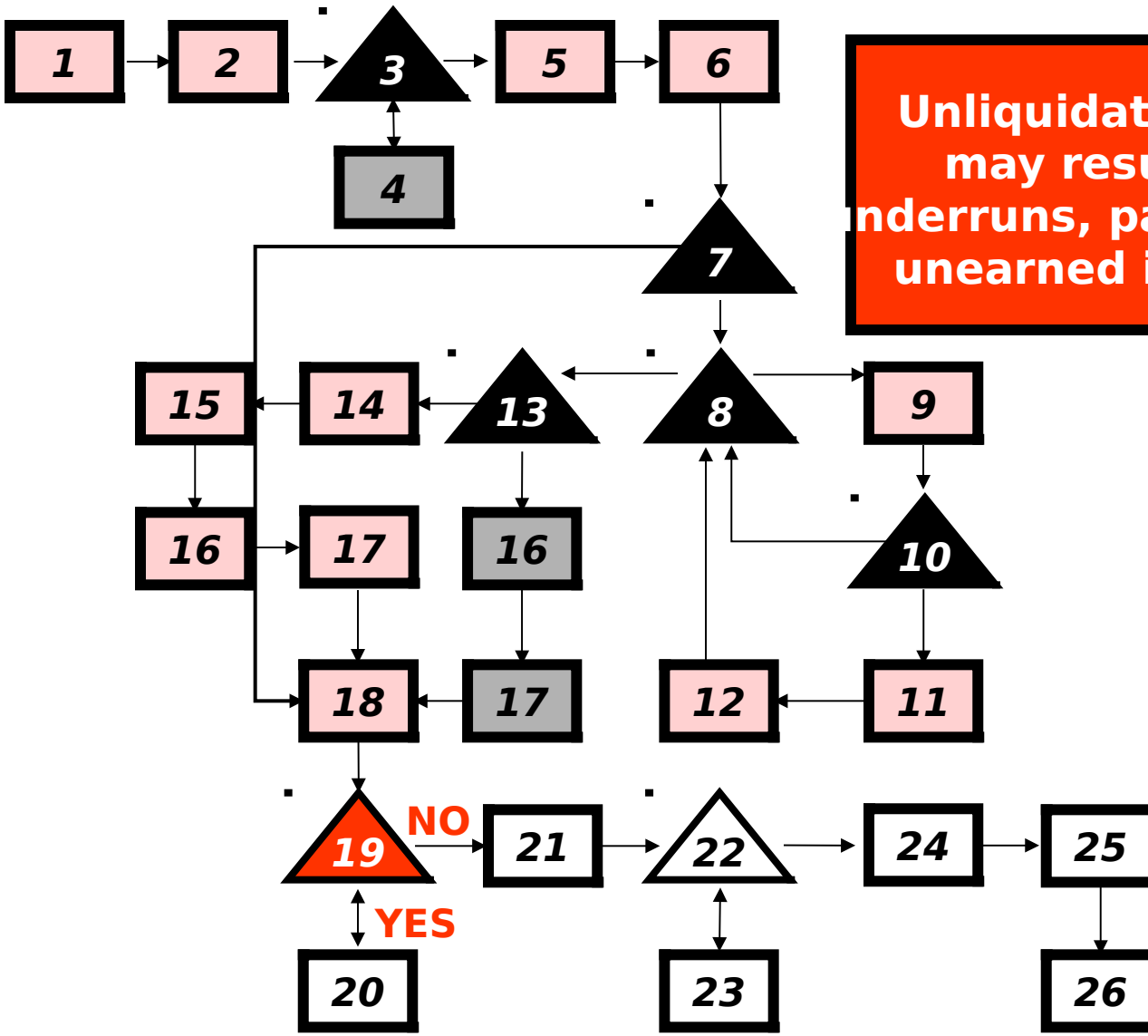
CLOSEOUTS



All funds obligated should be
quidated prior to making fina
ayment. Excess funds can be
emoved prior to final closeou
y a modification, or after fina
closeout by DFAS.

ULO?

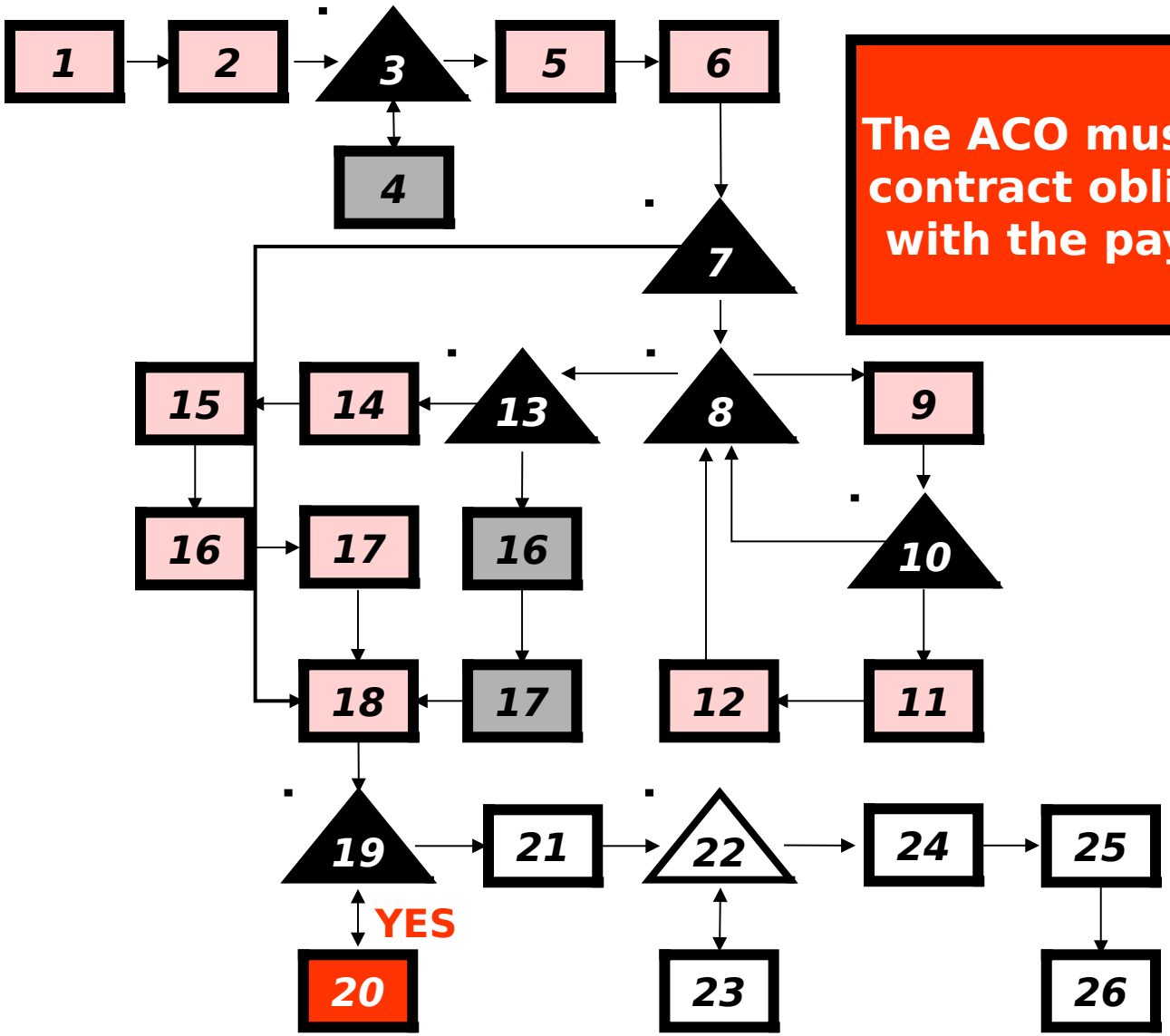
CLOSEOUTS



Unliquidated obligations may result from cost underruns, payment mistakes, unearned incentives, etc.

Reconciliation

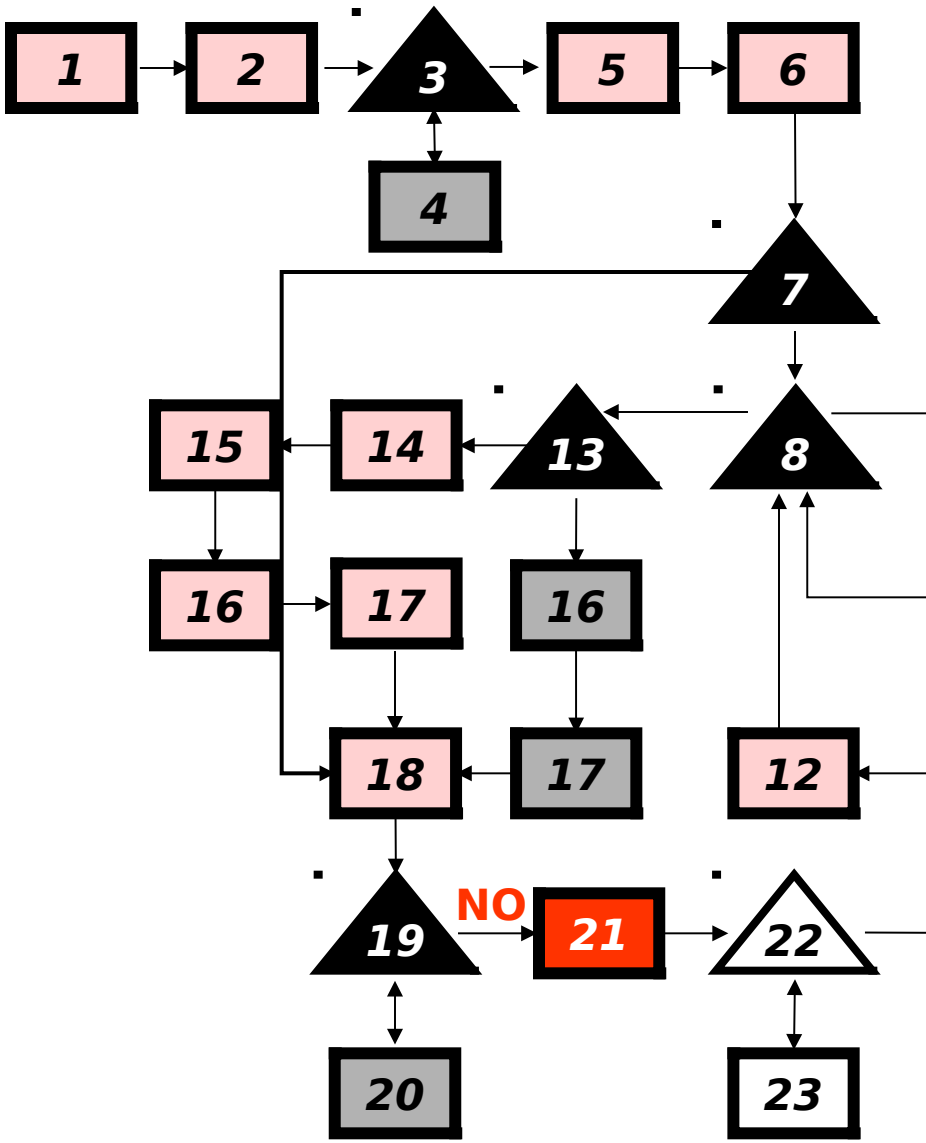
CLOSEOUTS



The ACO must reconcile the contract obligation records with the payment records.

ACO Signs DD 1594

CLOSEOUTS



DD 1594 is also called a ontract completion statement

DD 1594

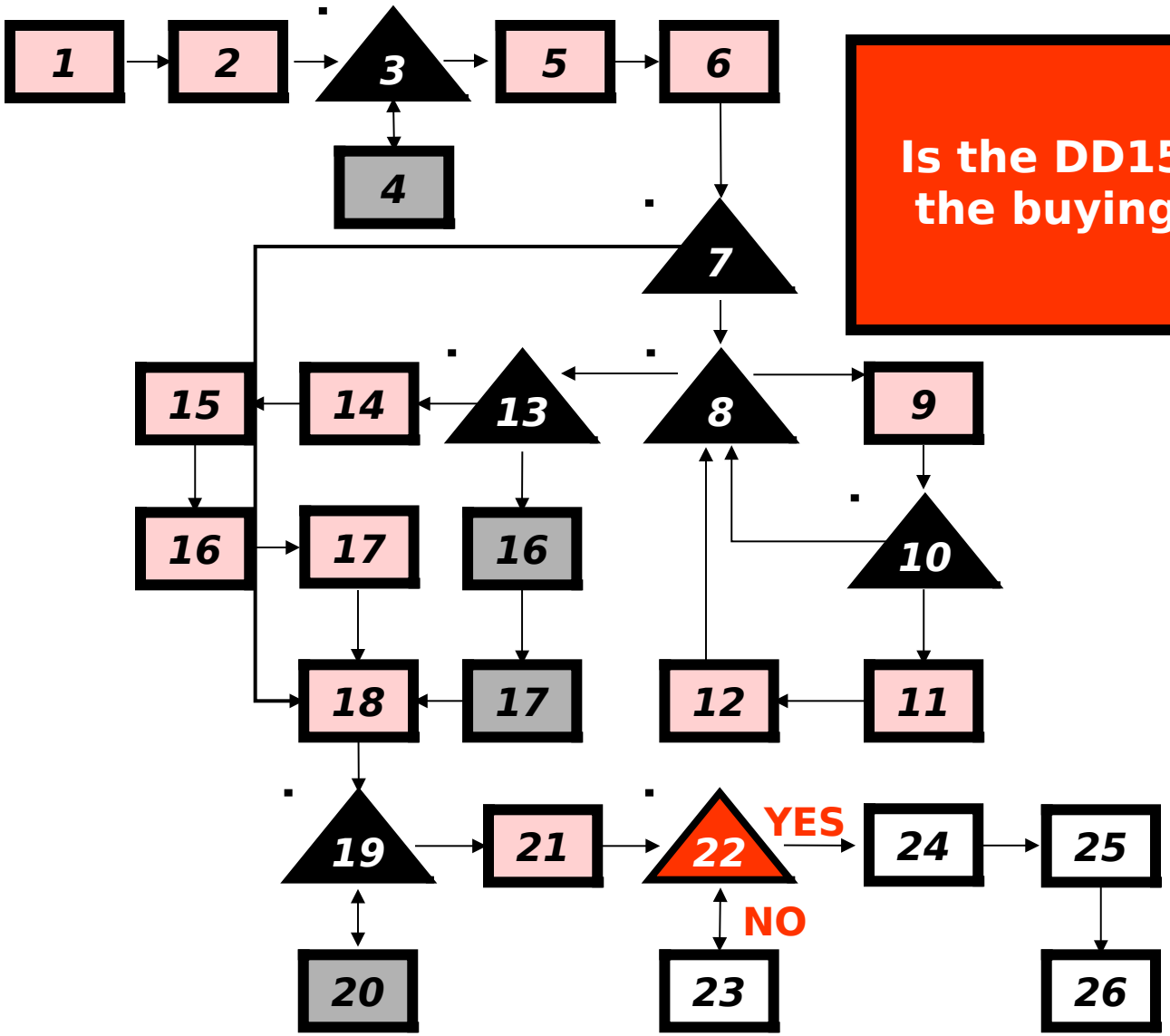
MAJOR MILESTONE

Contract Completion Statement

- Signed by ACO
- All open actions are resolved
- All liabilities are resolved

Consistent w/Buying Office Records?

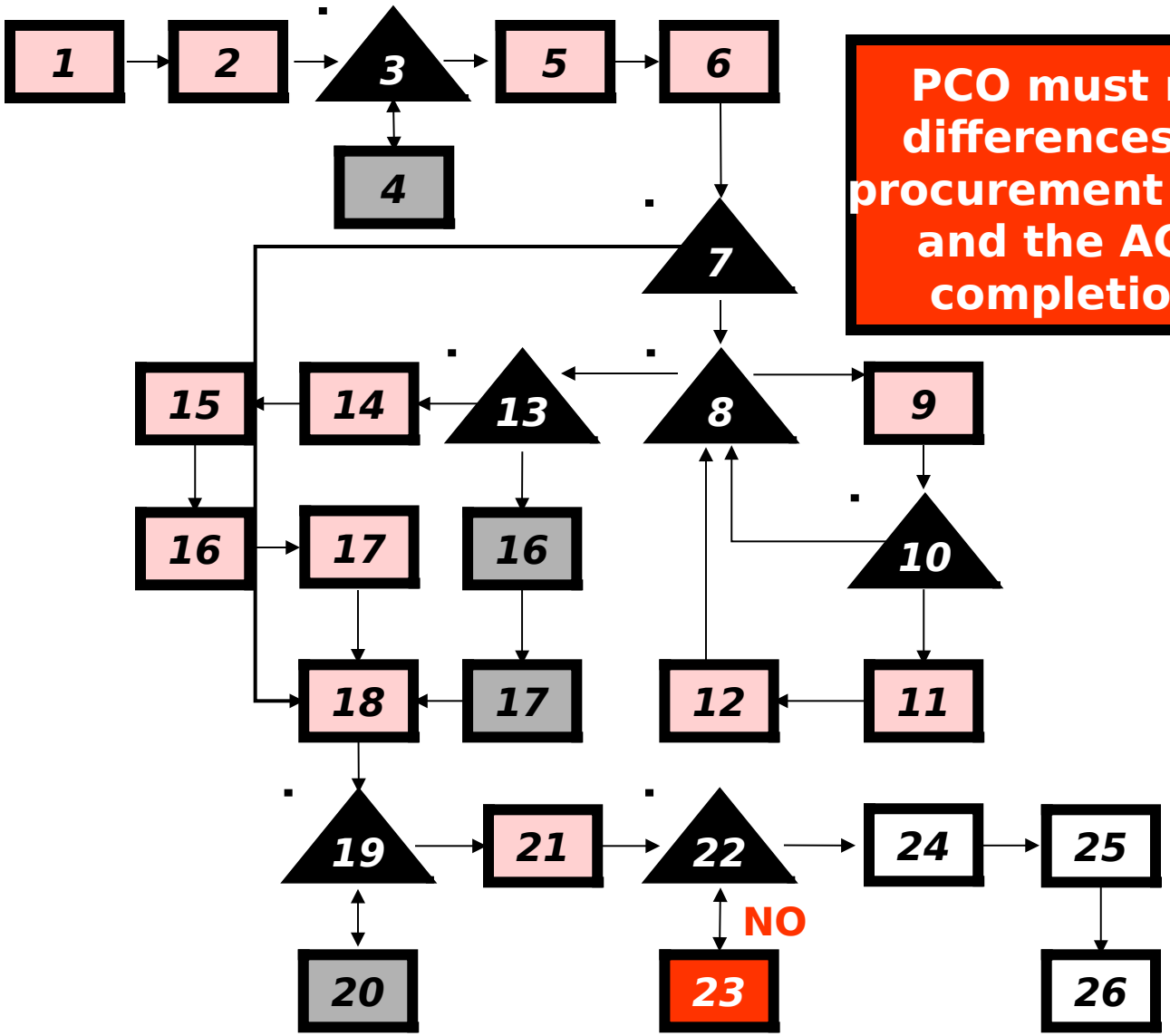
CLOSEOUTS



Is the DD1594 consistent w the buying office records?

Buying Office Reconciliation

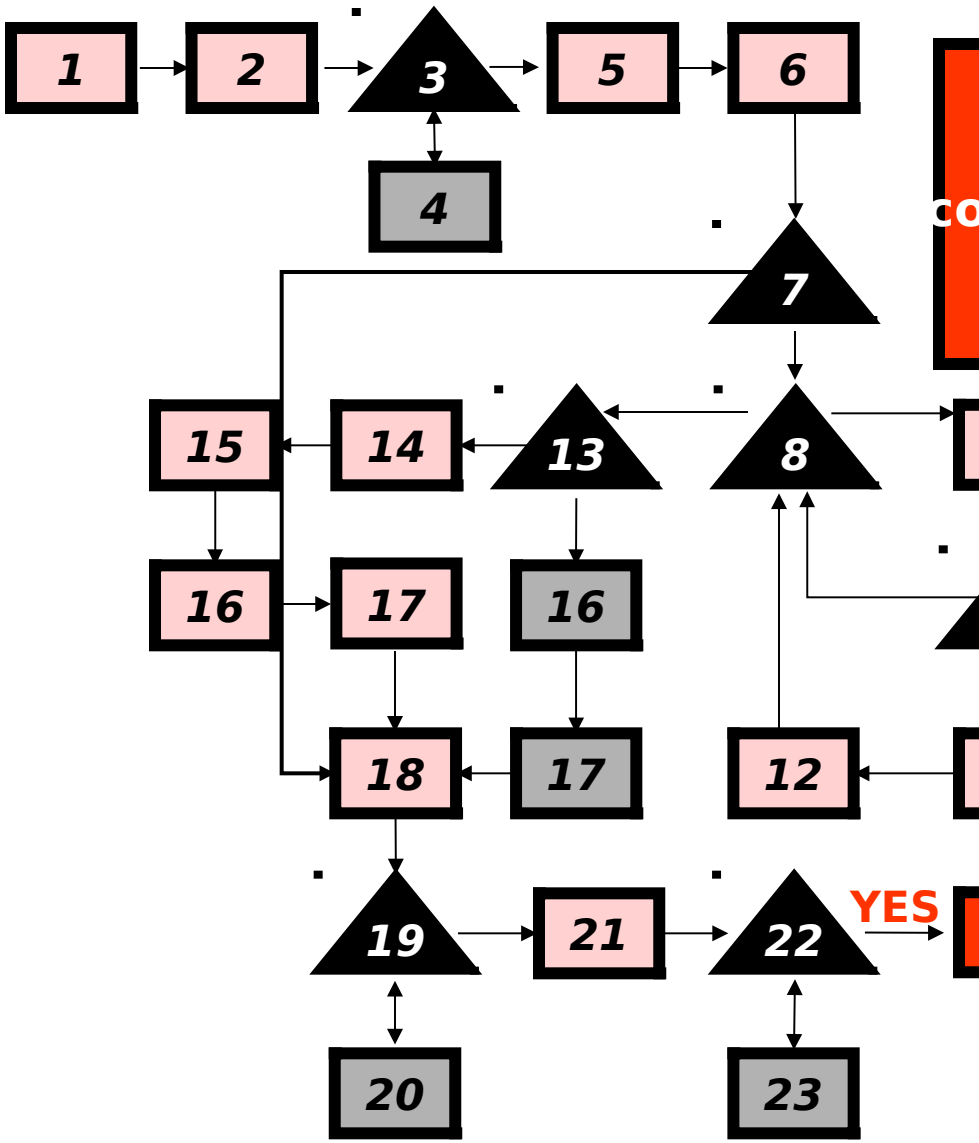
CLOSEOUTS



PCO must reconcile any differences between the procurement system records and the ACO's contract completion statement.

Buying Office Signs DD 1594

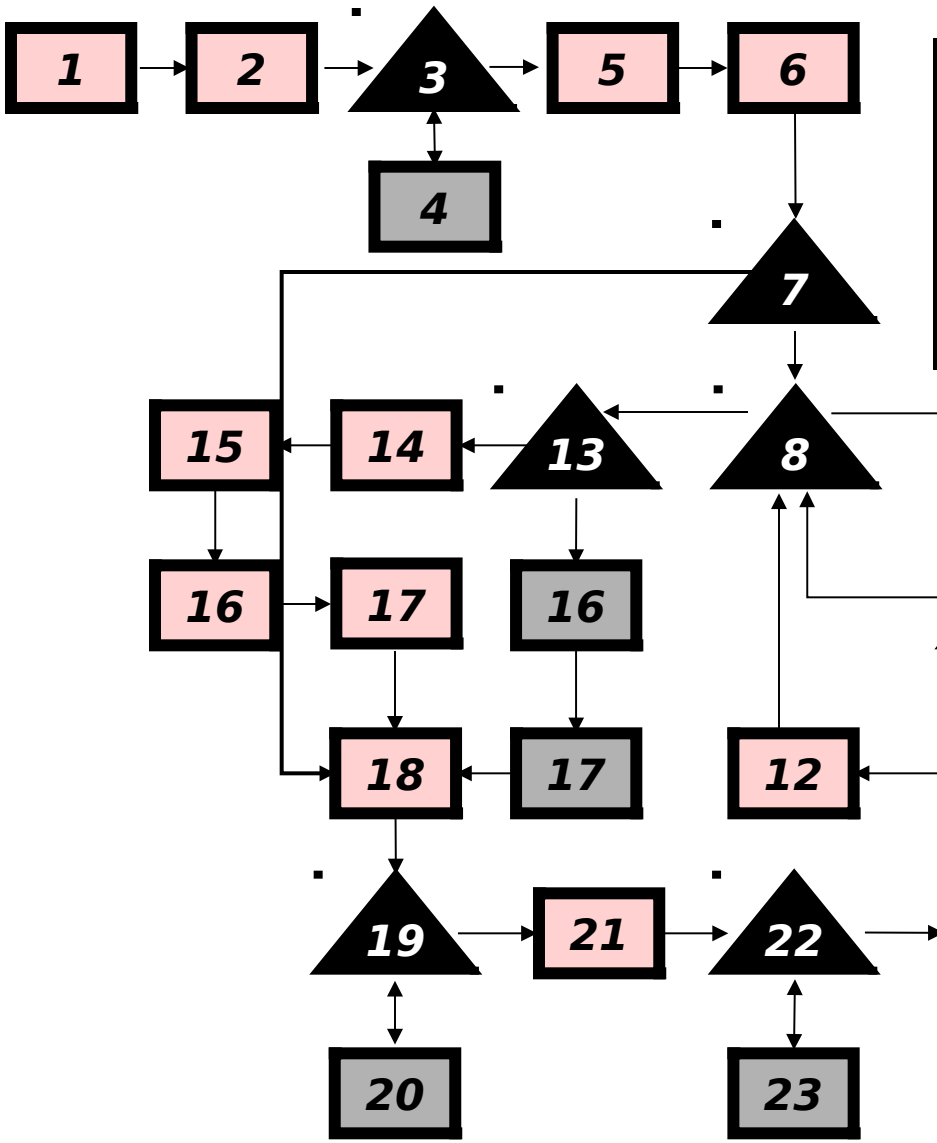
CLOSEOUTS



PCO officially closes a contract and retires the files by signing a DD 1594.

DFAS Reconciliation

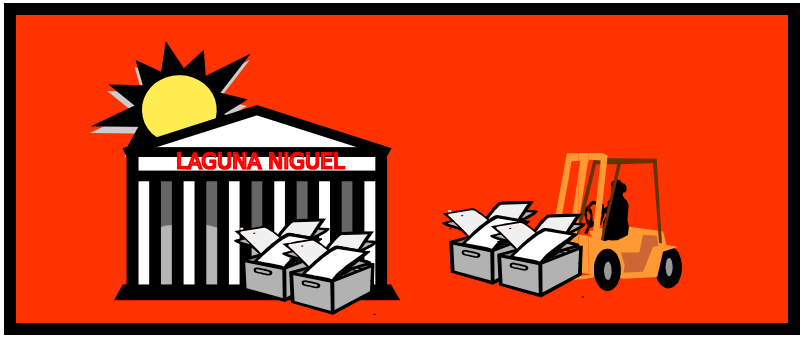
CLOSEOUTS

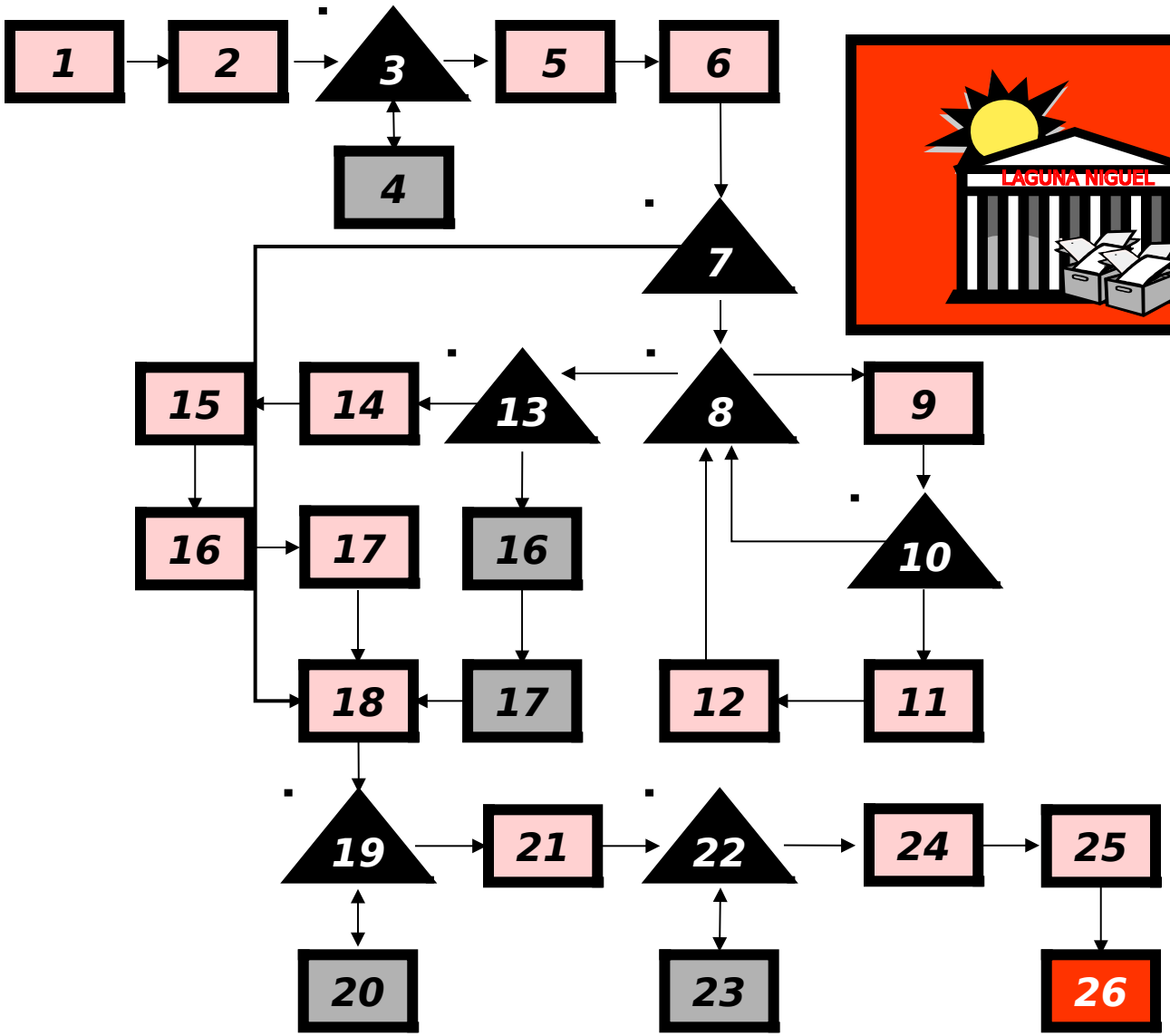


DFAS must reconcile if, after final payment, unliquidated obligations remain on the conatract..

Files Retired

CLOSEOUTS





SF 135

MAJOR MILESTONE

- Records Transmittal and Receipt
- Records staging documents

Locate an ACO/CAO

CLOSEOUTS

- Go to www.DCMA.mil
- Click on “Locate Someone” (right side, top of screen)
- Click on ‘Find A Contract Administration Team”
- Enter a contract number or cage code